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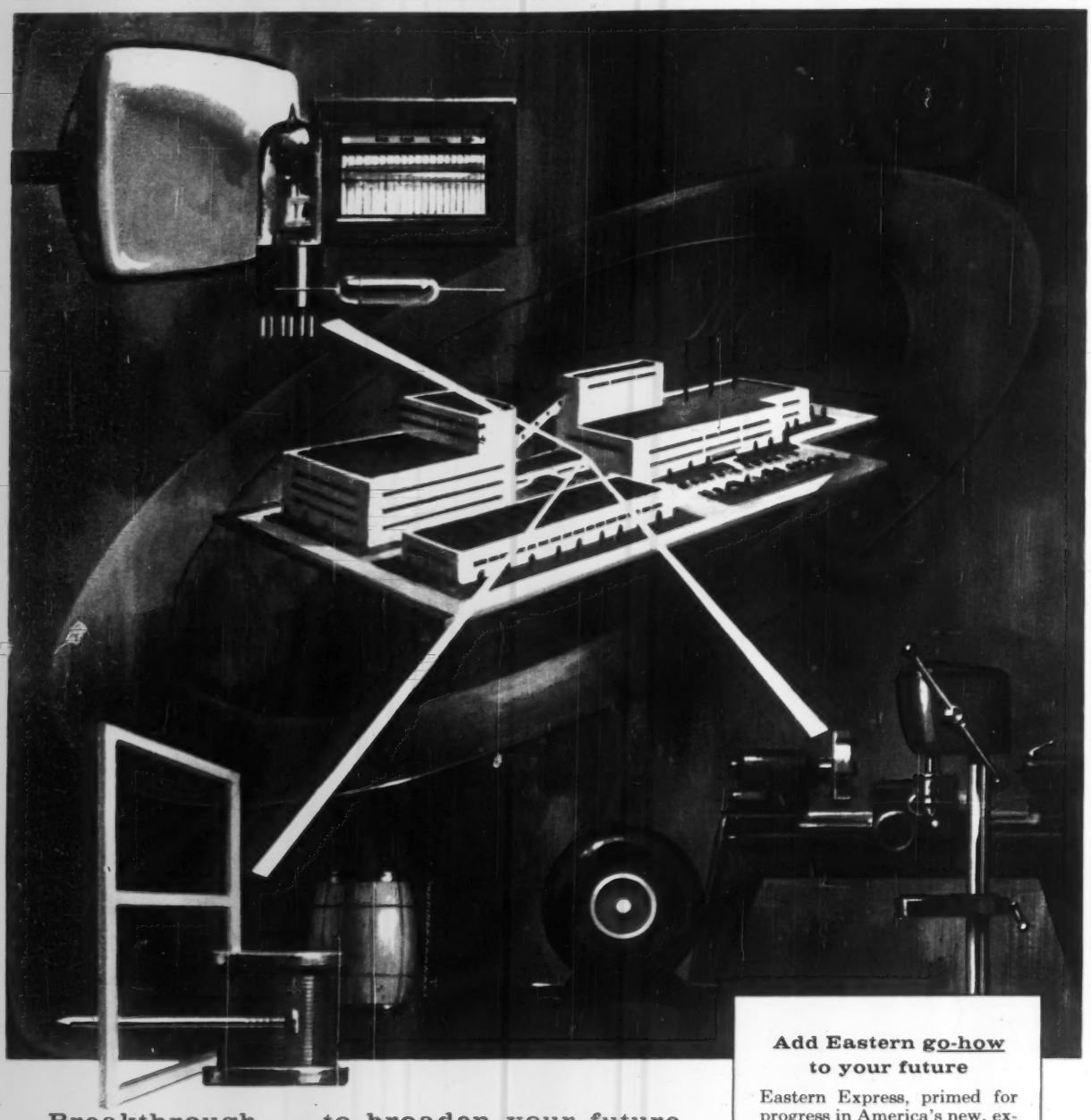

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DUN'S REVIEW AND MODERN INDUSTRY

VOLUME 78 NUMBER 6

December 1961

3 *Reviewing Dun's*

5 *Consumers About to Spend?* SPECIAL BUSINESS SURVEY

7 *Washington Desk* JOSEPH R. SLEVIN

10 *Trend of Business*

13 *Businessmen's Expectations*

16 *Business Failures*

21 *Letters to the Editor*

33 *Editorial*

34 *What's Ahead in Antitrust* JOHN MAUGHAN

37 *The Key to Africa* CLARENCE B. RANDALL

40 *The Chief Executive's Dilemma* JOSEPH GRIESEDIECK

42 *Computers for Everybody!* HERBERT E. KLEIN

49 *The Riddle of Executive Training* JACK J. FRIEDMAN

55 *14 Important Ratios in 36 Manufacturing Lines*

61 *Personal Memo*

63 *Inside Industry*

67 *Sales & Distribution*

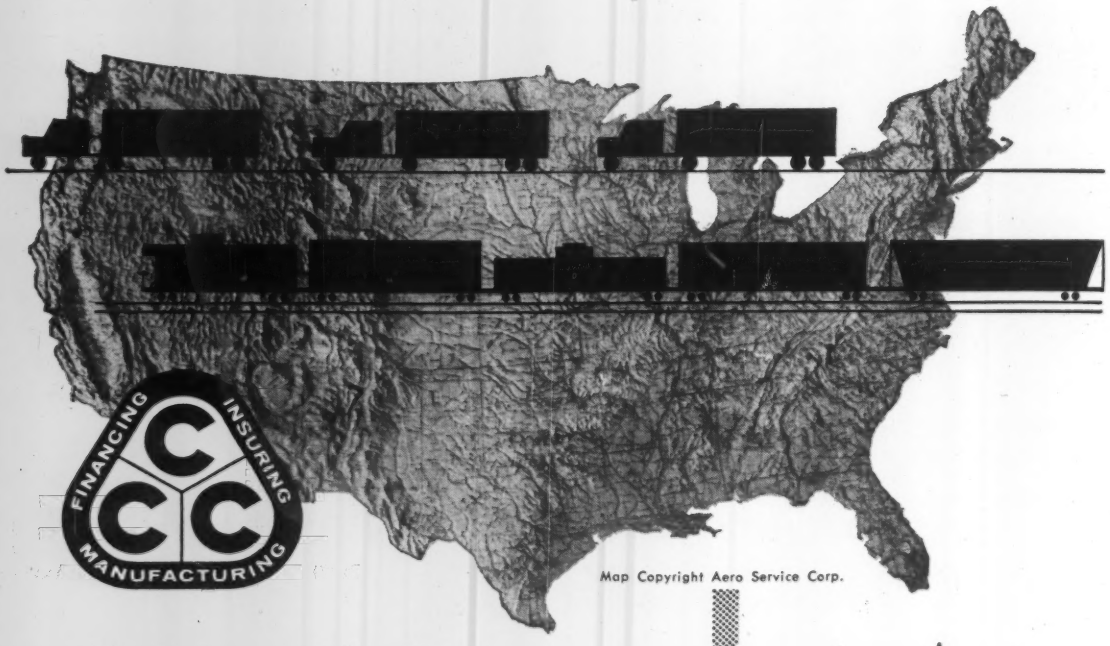
75 *Managing Your Manpower* LAWRENCE STESSIN

81 *International Markets* ALEXANDER O. STANLEY

89 *Executive Bookshelf*

91 *Ideas at Work*

96 *The Reviewing Stand*



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Reviewing Dun's

THE VITAL ANSWERS

THIS month DUN'S REVIEW continues a new service for businessmen: the Special Business Survey. As you will see on page 5 of this issue, the survey seeks to answer that vexing question of what is happening to the American consumer. Is he starting to buy yet? And more importantly, what will he probably do early next year?

But what is the Special Business Survey itself? And of what value is it to the harassed executive who already finds himself snowed under by piles of reports and surveys? DUN'S REVIEW believes its survey will be a valuable, up-to-the-minute report, which answers vital questions about the economy that only *the mass opinion of businessmen themselves can reveal.*

Thus the editors of DUN'S REVIEW probed the American economy last month for its weakest point, the one part about which executives were most in need of information. For the answers, they decided to go to the men across the country who run department stores, clothing establishments or who deal in furniture, appliances, hardware and automobiles.

Yet surveys are a perishable commodity. Business conditions change too fast to give them permanence. Some way had to be found to make the survey both accurate and fast.

The answer came from Dun & Bradstreet's own 16,000-mile, private-line network, the fast-as-light telegraphic system which connects its 79 branch offices from Maine to California. Questions about the consumer were flashed over the line to Dun & Bradstreet's 2,000 credit reporters.

Highly experienced and specially trained for their work, those reporters swung into action. In just one business day they had covered no less than 1,145 businesses dealing in the most sensitive consumer lines.

That evening, their answers were wired back to the Dun & Bradstreet headquarters in New York City. A special force tabulated them, even sorting out the answers that were likely to throw still more light on the consumer picture of today.

That report, in turn, was flown out to Chicago's R.R. Donnelley & Sons, where DUN'S REVIEW is printed. Donnelley's printers quickly set the material in "special late pages" which had been held open for this report. Eventually, this depth report may come out just a few days after the D&B reporter has interviewed a businessman.

How often will you receive this special service? That is no more predictable than the course of the economy. The magazine will not burden its readers with surveys that mean little or tired rehashes of material that has already come to light. The reports will be published during the five or six times a year when it seems necessary to throw *new* light on a vital part of the economy.

As to the value of this unique service, that can best be answered by referring to the March issue of DUN'S REVIEW. There, the wire network made its first survey for the magazine. The result: the news that businessmen felt the recession was over—a report that was confirmed later by the Government and industry.

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SPECIAL BUSINESS SURVEY:

CONSUMERS ABOUT TO SPEND?

Two thirds of the nation's major retailers are looking to a solid jump in their sales in the next few months. The first half of 1962, they say, should bring consumers into the stores in greater numbers—and in the mood to spend. This strong tone of optimism was uncovered by a special poll taken over the private-wire network of DUN & BRADSTREET. Queried in the survey were more than 1,400 of the country's leading retailers—the top men in clothing, furniture, appliances, hardware and department stores and in automobile dealerships—in 42 principal cities all over the U.S.

The majority of the retailers expect gains in sales in 1962's first half of anywhere from 5% to 10%. New-car dealers, buoyed up by the arrival of new-model autos and by the settlements of auto industry strikes, are probably the most optimistic of all retailers in their forecasts. Almost 90% of them believe sales in the first six months of next year will be up. But strong, higher hopes for next year are spread through almost the whole range of retailing (*see table*).

The strength of this optimism is surprising. It comes at a time when the prolonged lag in consumer spending is holding back the growth of the whole economy. Consumers have not responded to the end of the recession; the official records show only the smallest gains in their pace of spending.

This lag dimmed retailers' hopes for the fall. Almost 50% of those queried say frankly that fall business was below their expectations.

What caused the lag? Retailers give a wide variety of reasons. "Unemployment was critical here," says a Chicago appliance dealer, "and now pay checks are being used to pay off old bills." A Los Angeles auto dealer says: "More people are back at work—but there's still a lot less overtime in the factories, and so the checks are smaller."

Fall weather has been a persistent problem; the "Indian summer" stayed late through much of the nation. Says a Boston clothing retailer: "We've been having one warm day after another and people just don't come into the store." Adds a St. Louis appliance dealer: "I had one good day in the last few weeks —and that day it rained cats and dogs."

A few retailers blame high federal and local taxes. Some claim consumers are carrying all the loans they can manage.

But running through almost all the responses is the theme: "The fear of war has people unsettled, uncertain." A Seattle furniture retailer quotes one of his customers: "Why should I buy furniture when maybe I should spend the money on a bomb shelter?"

Economics and the weather are working for them, most retailers believe. "Buying will start with the first snow storm," says a Michigan appliance dealer. And a Chicago department store operator guesses that a few more weeks of steady employment will loosen the purse strings in many households.

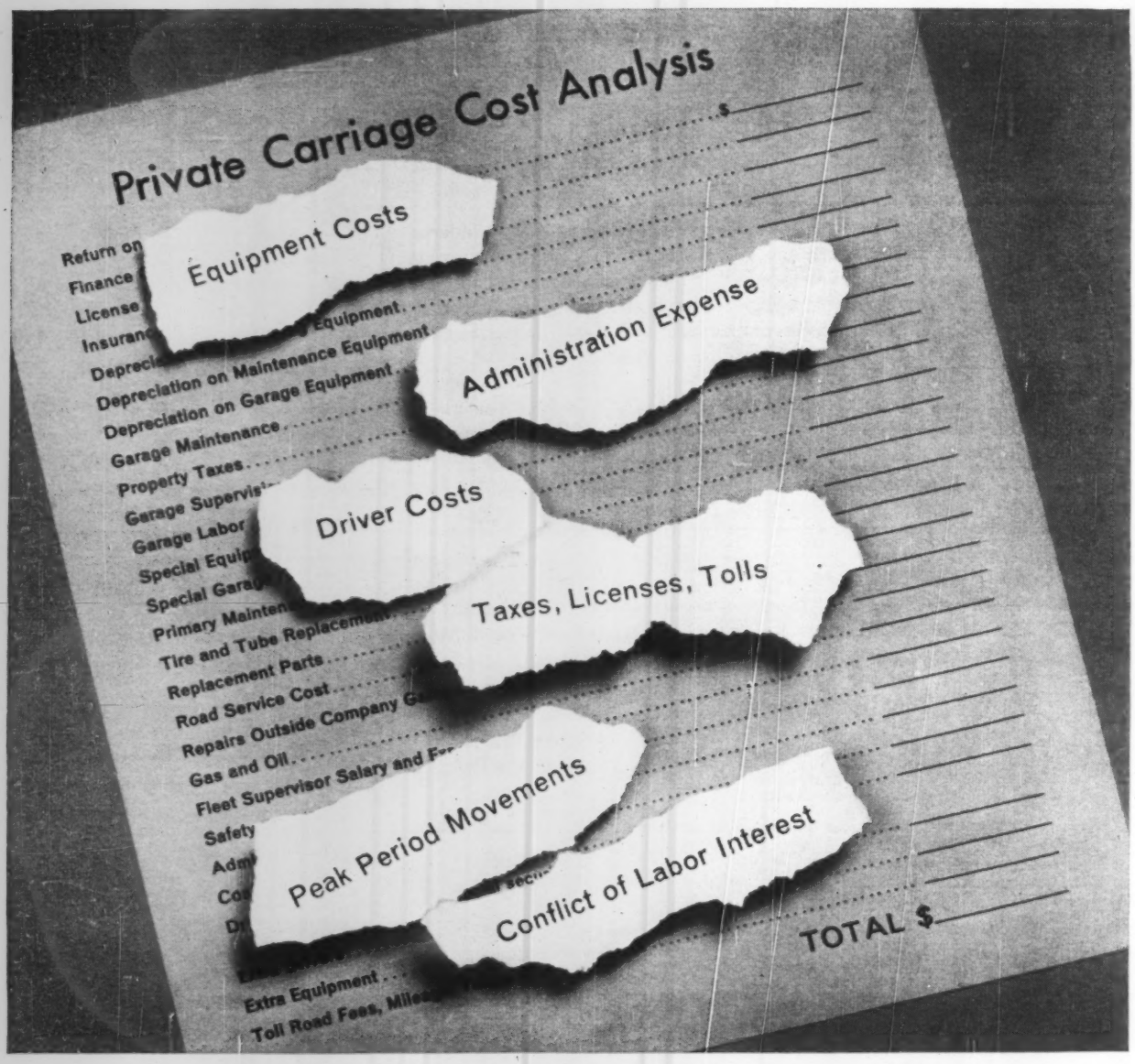
A fat seasonal gain is in store when cash registers start jangling a busy Christmas tune, most retailers believe.

But for the first half of next year there is the expectation of solid—not seasonal—improvement. "It won't take much of a change in public attitude to release those purse strings," says a West Coast auto dealer. "And I believe attitudes are just about to change. In a few months, we'll all be in much better shape."

On only one score do the retailers keep their fingers crossed. They—and the rest of the nation—fear that any heightened tension in the Cold War could ruin what now look like much better prospects for next year.

Sales Expectations — First Half, 1962

	Higher	Same	Lower		Higher	Same	Lower
Department Stores & General Merchandise	62.3%	31.4%	6.3%	Appliances	68.3%	25.8%	5.9%
Clothing	69.0	25.0	6.0	Hardware	54.4	38.9	6.7
Furniture	68.6	28.2	3.2	Automobiles	87.9	9.5	2.6



The high cost of do-it-yourself trucking

The facts of life of private carriage are often a jolt. But it's better for a shipper to acquaint himself with them *before* rather than *after* taking the leap into do-it-yourself trucking. Items like those shown above tell part of the story. Others are not so apparent.

Tied-up capital is one. Diversion of executive time, another. Lack of experience in the complicated job of providing efficient transportation services, still another.

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WASHINGTON DESK

DUN'S REVIEW AND MODERN INDUSTRY
December 1961

To keep the lid on inflation, the Administration will keep pressing its campaign for wage-price stability. President Kennedy wants a rapidly growing economy, but he does not want rapidly climbing prices. He and his advisers are determined to better the Eisenhower Administration record, hope to tell the voters in 1964 that the Democrats did a better job of curbing inflation than the Republicans did.

White House aides believe that they have the underlying economic forces going for them. In fact, they think that price inflation actually is less of a threat now than at any time since World War II. The Presidential experts see no danger of demand-pull inflation. They stress that supplies are ample, that credit is not excessive.

Like many other producers throughout the free world, American producers have idle capacity. International competition is vigorous. Relatively high unemployment is making unions hesitate to push outsize wage demands. Some experts flatly contend that renewed international competitive pressures will make it impossible for the United States to toot off on an inflationary binge of its own during the years immediately ahead.

But Administration policy makers do not go that far. They believe the nation must help itself. Optimistic as they are that wage-price inflation will not develop in 1962--partly because of large offsetting productivity gains--they argue that the heat must be kept on labor and management to make certain that 1962 settlements do not plant the seeds of inflation for 1963.

The Administration has ruled out asking Congress to enact a wage-price stabilization law. Wage-price controls were never even considered. But some Democratic legislators have urged other formal techniques, such as requiring public hearings before either wages or prices can be raised. The objective would be to bring maximum public pressure on labor and management. However, union and industry critics charge that such plans would interfere with normal collective bargaining. The Administration agrees. Mr. Kennedy will still try to bring public pressure to bear for stability--as he did this fall in steel prices and has promised to do next spring in steel wages. But he will keep his efforts informal, will use the technique that seems best suited to each situation.

* * *

New labor disputes legislation will be submitted to Congress in January. The new provisions are being designed to replace the emergency disputes section of the Taft-Hartley Act. Mr. Kennedy promised that they would be forthcoming when he had to use an injunction to end the maritime strike in July.

The legislation that the Administration plans to lay before the lawmakers will not include the drastic choice-of-procedures alternatives that many old-line mediators have urged. Rejected proposals include suggestions that the President be given authority to induce quicker settlements by threatening workers with repeated injunctions and management with plant

seizure and mandatory, retroactive pay increases. The Administration considers these to be harsh remedies. It takes the same view of compulsory arbitration, never considered writing it into its coming legislative recommendations.

Prospects are that the President will try to adapt the Railway Labor Act to broader, national requirements. In place of the current fact-finding and injunction sections of the Taft-Hartley Act, he will urge the adoption of provisions modeled on the Railway Labor Act. Where a Taft-Hartley fact-finding board can only find facts in a national emergency dispute, a Railway Labor Act board can make recommendations for a settlement. Where the President can get an eighty-day injunction to bar a strike under Taft-Hartley, he can assure that the no-strike status quo is preserved for at least sixty days--and usually much longer--by appointing a Railway Labor Act board.

* * *

The balance-of-payments deficit is again worrying top Washington officials. It had improved, as the Administration had hoped. But it has been worsening again, as the Administration had feared, and a quiet search for new remedies is now under way. Measures already taken include the export expansion program, more generous export financing arrangements, the tourism drive, the slash in overseas purchases of goods for U.S. troops and the recent West German agreement to buy American military supplies and to pay for using American supply depots. But more must be done. The officials are scrutinizing Commerce Department recommendations for export incentives and other suggestions.

* * *

Small businessmen stand to benefit from a fresh drive to assure them a larger volume of Federal subcontracts. The chief target is the huge volume of prime contracts issued by the Defense Department, but the General Services Administration's sizable purchases are included, too. The drive is a direct result of amendments that Congress added to the Small Business Act immediately before adjournment. New subcontracting rules are being prepared by the Pentagon and the GSA, and must be approved by the Small Business Administration before they take effect. Previously, the SBA had to take a contractor's word that he was granting a given volume of subcontracts to small business. The new regulations will allow SBA investigators to examine the contractor's books. A company holding more than $500,000 of contracts will have to operate a special small business subcontracting program.

* * *

Steadily rising consumer spending for services instead of goods continues to fret Government economists. They estimate that 42 cents of every consumer dollar will go for services this year, as opposed to 39 cents in 1959. Consumer purchases of services are up across the board, but the federal experts think there may be a special reason apart from the large consumer inventories of goods and the rising consumer enthusiasm for vacations and travel.

The age distribution of the American people is the suspect. The number of youngsters in the 18-21 age bracket has been climbing steadily. This is the group that goes to college, that causes parents to spend for education and travel. One guess: purchases of consumer durable goods will not go up sharply until the middle of this decade, when the youngsters get married and start buying furniture and appliances for their homes.

--Joseph R. Slevin

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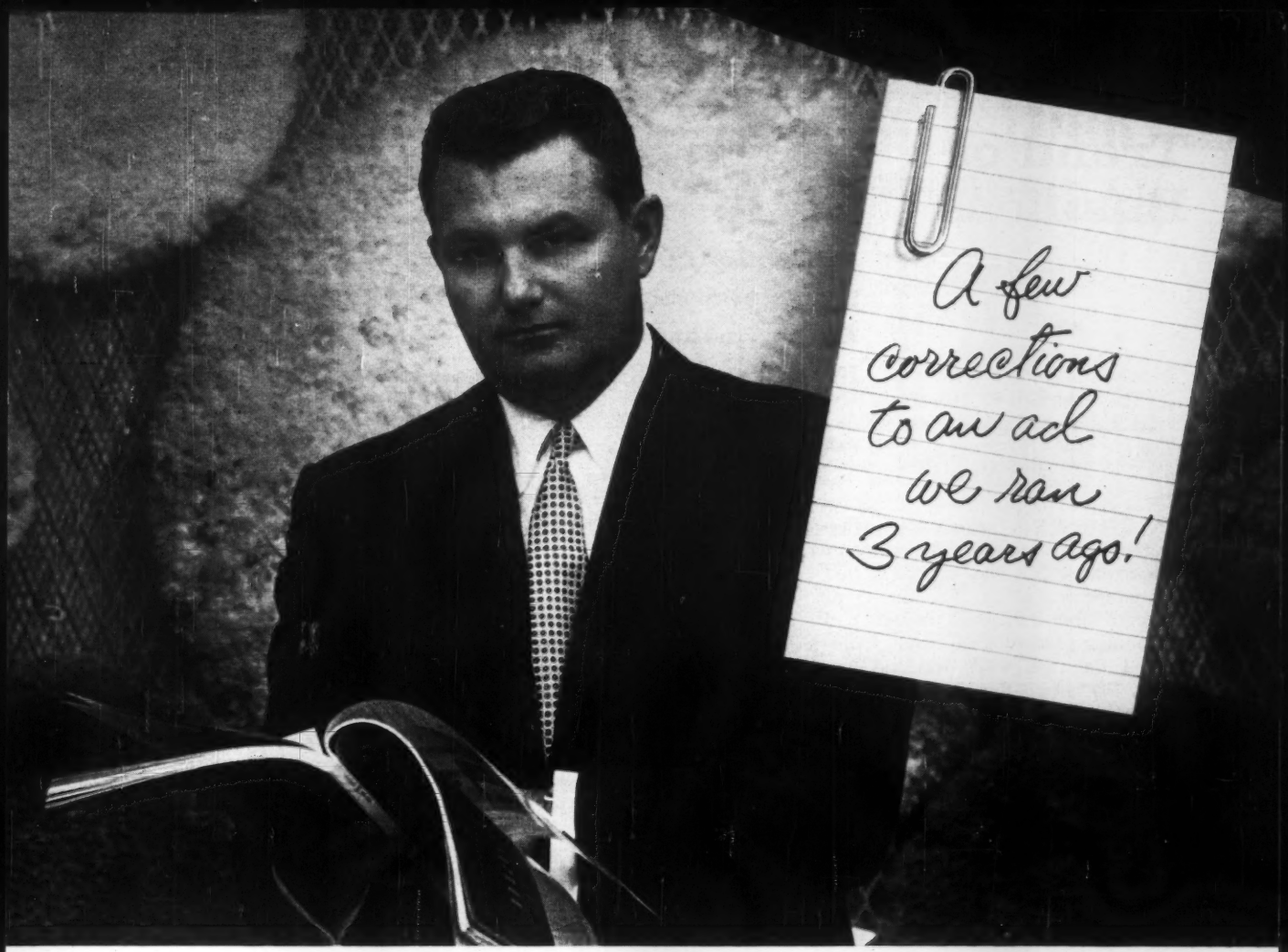

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Trend of Business

Production: *Output regains high ground*
Sales: *Consumers start to loosen up before Christmas*
Employment: *Some improvement, but problems remain*
Failures: *Liabilities drop below year-ago levels*

CAUTIOUSLY, business is again probing high ground. The summer slowdown, which was expected, had no dampening effect. The timing of the auto labor difficulties, though, had a stunning psychological result. Coming at the time when business was ready to soar, the scattered auto strikes blunted the upturn just enough to nip some of the optimism that had prevailed. Even so, the consensus is that new highs are ahead and that the outlook for business is good.

Until just recently, consumer spending—a basic ingredient of any strong upsurge—was disappointing. Now, though, consumers are beginning to buy high-priced durables and other goods in encouraging quantities. Unless the rise should falter, the gains ahead could be substantial. Production continues to mount, and heavy industry should continue to gain until the labor situation in steel is resolved next year. Employment, though it still leaves something to be desired, is improving. Lively consumer spending, record production, high-paced construction activity and continued government spending, add up to a probable Gross National Product (value of all goods and services produced) of $556 billion by mid-1962, some $30 billion above the current rate.

Industrial output is on the rise again after a brief delay.

Heavy industry's output is again climbing. Steelmen, of course, breathed a sigh of relief as the auto makers resumed full production. Detroit did not step up its steel orders immediately, but it will soon have to if it is to meet its heavy production schedules.

One thing which tends to curb a really strong upturn is the number of steel customers who, thanks to the industry's present ability to deliver in a hurry, are still buying on a hand-to-mouth basis. This, though, can go on only so long. With Detroit's return to full-scale action, delivery time will jump from weeks to months. At about the same time, a buildup of inventories, as a strike hedge, will begin to hit steel. Combined, these forces promise strong gains for the months ahead.

Meanwhile, the steelmen and David McDonald's Steel Workers are squaring off for next year's labor negotiations. Eying the generous settlements the United Auto Workers won in Detroit, both sides have begun to firm up their positions. And, as steel customers begin to wake up to the scope and meaning of the conflict, steel inventory building will begin in earnest.

After a late start on the 1962 models, auto production is barreling ahead.

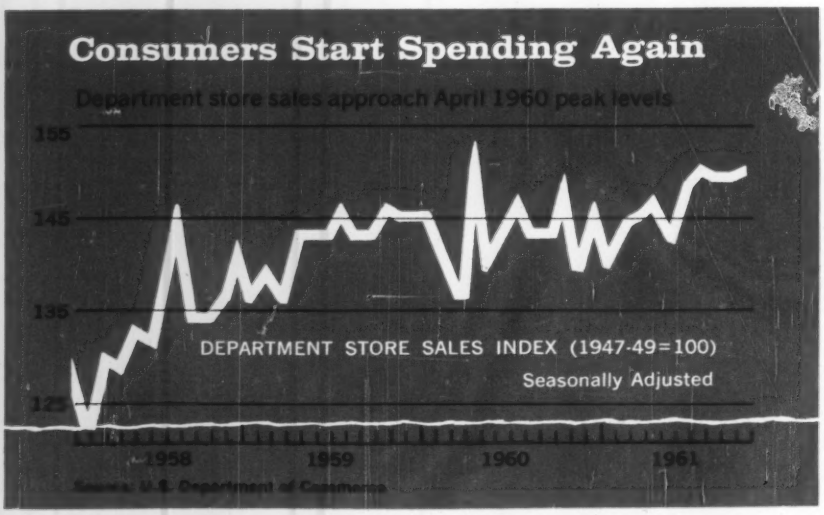
Cars are rolling off the assembly lines at record rates as Detroit attempts to catch up with a strong market. The result, of course, is a solid boost for the economy—a boost that may carry into the next two or three quarters.

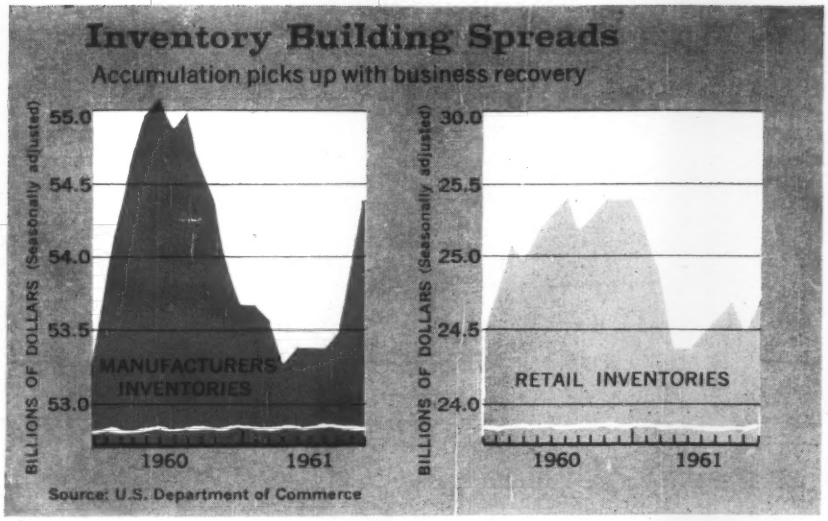
Low stocks of used cars will further bolster demand for the new models. Now that production conditions are right, auto output will aim for a near-record in 1962. The widespread effects on business will add the thrust needed to carry economic activity to new highs.

The resumption of inventory building will step up production schedules.

Inventory accumulation has begun again, and manufacturers are adding to their stocks at an annual rate of about $4 billion. By year's end, inventories should have regained the levels of early 1960. Significantly, although inventory cutbacks in the latest recession were comparatively light, the new buildup is just about as strong as in past recoveries.

Manufacturers' new orders have been approaching the record high of





June 1959, when business volume was abnormally increased by stockpiling in anticipation of a steel strike. In durable goods, new orders have already outstripped rising sales, adding to the backlog of orders and further strengthening future prospects.

Durable-goods makers plan substantial spending on plant and equipment next year, and expansion by non-durable goods producers promises to be almost as high. At this phase of the current expansion, plans are generally still conservative. Judging from past recoveries, though, these plans will probably be revised upwards as final budgets are adopted and supplemented next year.

Construction is still a strong support to the upswing. By October, total construction outlays were approaching the record levels of 1960, and the climb shows no signs of leveling off. Both public and private construction are adding to the gains, with industrial construction providing the sustaining force. Government, both federal and local, continues to furnish a strong boost to these construction expenditures. As for mass housing, which has not been strong, a pickup is expected soon by most of the nation's economists.

Several hopeful signs suggest that consumers may be shaking off their lethargy.

The big question in everyone's mind, of course, is how soon the long-expected upturn in consumer spending for durable goods will really be underway. Car sales have been plagued by stock shortages, but now that new models are becoming available in quantity, there is every indication that the consumer demand is strong. Sales recently have been healthy enough to suggest that a record might already have been set if dealers had had enough of the new cars to deliver.

Personal income, which has been rising throughout the recovery, slowed its climb going into the fourth quarter. It is expected to pick up again, however, and unemployment may begin to decline. Already in fact, there are indications that the 6.9% level has begun to shade down.

Profits, though still a long way from being satisfactory, are improving for many companies.

Firming prices and the Government's promise of a major new tax-depreciation incentive program have brightened the profit outlook. But margins are still, in the words of one chief executive, "alarmingly low." If they should start growing more rapidly, a really big expansion could get underway. Otherwise, new capital spending could be pinched during the period ahead.

The upward push on costs, particularly wage costs, continues to tighten the squeeze on profits, making future price rises almost inevitable. Price increases to shore up profits could easily cause the Government to step in with counterinflationary action. Yet without these increases, the profit squeeze could choke off business expansion before it is well underway. Alert to this dilemma and concerned over the danger of fresh inflation, many businessmen are keeping a wary eye on the situation. —JACKSON PHILLIPS

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Business Sees a Strong First Quarter

U.S. businessmen are more optimistic about the prospects in the coming three months than at any time since the second quarter of 1959. Here is what they expect in the first quarter of 1962:

- An all-time peak in sales levels.
- Profits well above present levels.
- A modest buildup in inventories.
- Higher prices in certain lines.
- Higher employment in manufacturing and wholesaling.

Compared with the first quarter of 1961, the low point of the recession, over three fourths of the businessmen interviewed in late October expect an increase in their sales, and over three fifths expect higher profits. A mere 3% foresee lower sales, and only 4% expect profits to decline.

Not surprisingly, it is the durable goods manufacturers—the chief victims of the recession—who expect the best year-to-year gains. Higher sales are anticipated by a majority of 80% to 2% and higher profits by a majority of 68% to 2%.

On the other hand, wholesalers, who certainly did not make out well early this year, are not quite so sanguine about the immediate future. Only half of them, in fact, expect their profits in the first quarter of 1962 to top first-quarter 1961. Many wholesalers say their profit prospects would be brighter if it were not for strong competition or poor conditions locally or in their particular line. A few place the blame on direct selling by manufacturers.

Pressure to raise prices is more evident in this survey than at any time in the past year. Between the previous survey, taken in July, and this one, taken in October, there has been a noticeable jump in the percentage of manufacturers and wholesalers who expect to raise their selling prices. But retailers, who are fighting the discount battle, feel the same way about prices as they did earlier this year: in the coming quarter, five out of six expect to hold the line at year-ago levels.

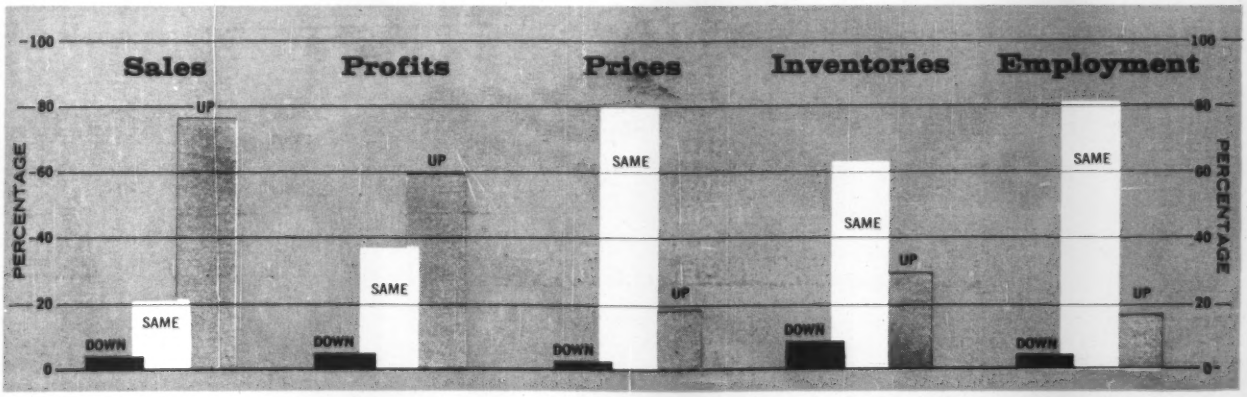
After months of modest rises in employment levels, there are now some signs that solid gains may appear in the number of workers on business payrolls. Manufacturers, particularly, have reached a point where their planned output will require a larger work force. One of every four durable-goods manufacturers, for example, expects his employment in the next quarter to be above year-earlier levels. Since the last survey, however, the percentage of retailers planning to add to their payrolls has declined—a development which fits in with the trend toward more self-service, discount-type retailing.

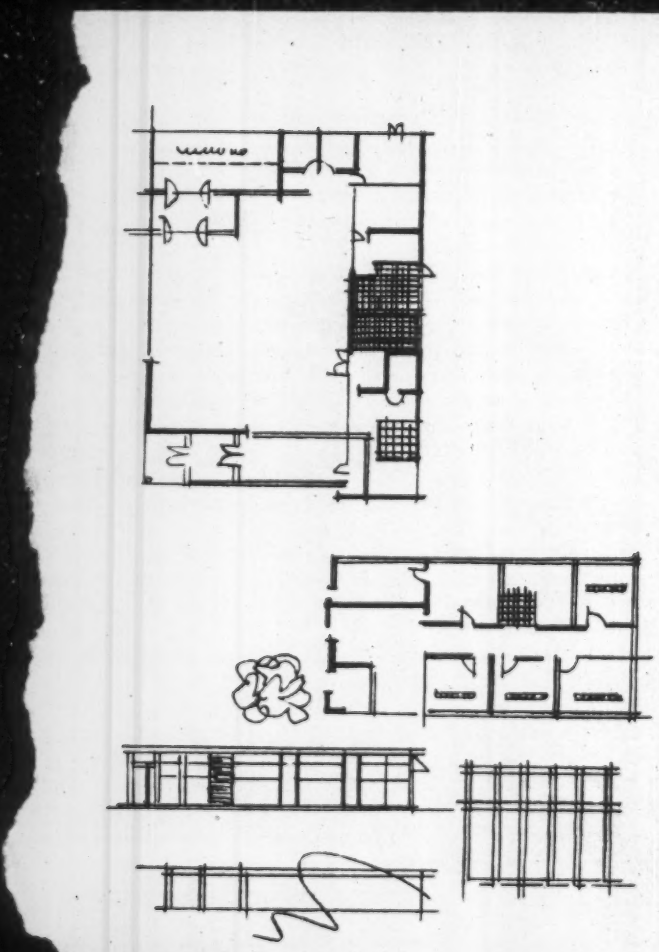
This survey, conducted in late October, covered over 1,500 businesses of all sizes and types across the nation. The executive respondents were asked how sales, profits, prices, inventories and employment in their companies in the first quarter of 1962 would compare with the first quarter of 1961. The table above shows how their answers compare with year-earlier opinions.

First-Quarter Outlook

Compared With Year-Earlier Opinions

Per Cent in 1961				Per Cent in 1962		
Up	Same	Down		Up	Same	Down
			ALL CONCERNS			
49	39	12	Sales	76	21	3
35	51	14	Profits	59	37	4
15	80	5	Prices	18	80	2
19	67	14	Inventories	29	63	8
10	85	5	Employment	16	81	3
			MANUFACTURERS			
51	38	11	Sales	79	19	2
39	48	13	Profits	63	34	3
15	82	3	Prices	17	80	3
21	65	14	Inventories	32	63	5
12	82	6	Employment	21	75	4
			WHOLESALERS			
48	39	13	Sales	71	27	2
32	54	14	Profits	52	43	5
17	76	7	Prices	21	76	3
16	68	16	Inventories	26	64	10
7	88	5	Employment	10	87	3
			RETAILERS			
47	37	16	Sales	78	17	5
31	55	14	Profits	57	37	6
14	82	4	Prices	15	84	1
15	71	14	Inventories	23	63	14
7	90	3	Employment	6	89	5





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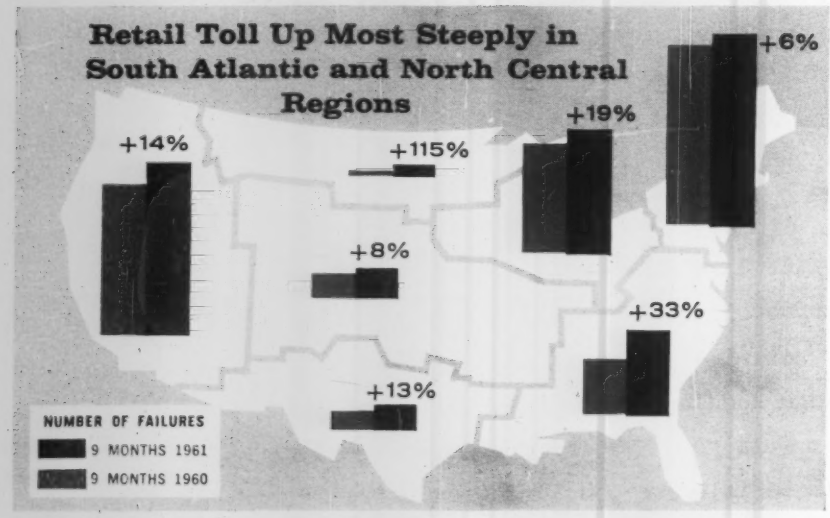
Business Failures

Failures rise seasonably but liabilities drop



ALTHOUGH business failures turned up seasonally to 1,446 in October, the rise centered in smaller-sized casualties, particularly in retail trades. The toll was 8% heavier than in October of last year, but the year-to-year gain over 1960 levels has been narrowing. In earlier months this year, tolls were running some 15% ahead of 1961.

Businesses were failing this October at a seasonally adjusted rate of 69.5 per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*, as against the 63.3 rate recorded a year ago.

While the number of failures rose, dollar liabilities plummeted to $70.3 million, the second lowest volume so far in 1961 and 14% short of the $81.5 million in the previous October. For two months in a row, it is worth noting, dollar liabilities have registered a year-to-year downturn—the first decline from year-ago levels since April 1960.

In manufacturing, construction and retailing, casualties ran one fifth heavier than in September. The manufacturing rise was concentrated in the food and transportation equipment industries, and the construction increase was mostly in general building. But the retail climb was a general one except in home furnishings stores, the only line to show lower tolls than a month ago. More grocery stores went under in October than in any month since 1955, while the drugstore toll surged to a postwar record.

In contrast to the general seasonal upturn in October, wholesaling and service mortality slipped to the lowest level in four months. Food distributors accounted for most of the wholesaling decline; transportation concerns led the service downswing.

Compared with October 1960, the failure picture was brighter for manufacturers, construction contractors and service enterprises. On the same year-to-year basis, wholesaling and retailing had heavier tolls. Building materials wholesalers and automotive trades failed in noticeably larger numbers than a year ago. Casualties were more widespread in retailing. Steep rises from 1960 prevailed among food, general merchandise, apparel and drug stores, and slight ones in restaurants and service stations.

Tolls swung up in all regions from September, normally the year's low point, but they failed to rebound to August levels.

THE FAILURE RECORD

	Oct. 1961	Sept. 1961	Oct. 1960	% Chg. †
DUN'S FAILURE INDEX*				
Unadjusted	66.0	58.7	60.1	+10
Adjusted, seasonally	69.5	67.5	63.3	+10
NUMBER OF FAILURES	1,446	1,285	1,344	+ 8
NUMBER BY SIZE OF DEBT				
Under $5,000	159	146	135	+18
$5,000—$25,000	660	575	618	+ 7
$25,000—$100,000	482	422	439	+10
Over $100,000	145	142	152	− 5
NUMBER BY INDUSTRY GROUPS				
Manufacturing	217	182	229	− 5
Wholesale trade	159	167	139	+14
Retail trade	731	614	613	+19
Construction	221	183	231	− 4
Commercial service	118	139	132	−11
LIABILITIES (*in thousands*)				
CURRENT	$70,257	$116,664	$81,508	−14
TOTAL	70,334	116,931	82,258	−14

*Apparent annual failures per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*.

†Percentage change, October 1961 from October 1960.

In this record, a "failure" occurs when a concern is involved in court action or in a voluntary action likely to end in a loss to creditors. "Current liabilities" here include obligations held by banks, officers, affiliated and supplying companies, or the government; they do not include long-term publicly held obligations.

FAILURES BY DIVISION OF INDUSTRY

	Cumulative total (Ten Months)		Liabilities in million $ (Ten Months)	
	1961	1960	1961	1960
MINING, MANUFACTURING	2,335	2,150	270.3	241.9
Mining—coal, oil, misc.	86	75	15.3	15.9
Food and kindred products	141	143	18.6	27.1
Textile products, apparel	387	338	35.2	28.4
Lumber, lumber products	433	439	32.8	31.7
Paper, printing, publishing	198	163	14.6	10.2
Chemicals, allied products	78	56	6.0	5.3
Leather, leather products	64	73	5.3	11.5
Stone, clay, glass products	51	35	4.3	3.7
Iron, steel, products	155	137	65.0	20.6
Machinery	221	234	21.4	39.5
Transportation equipment	108	103	21.4	13.3
Miscellaneous	413	354	30.5	34.6
WHOLESALE TRADE	1,488	1,219	114.7	89.9
Food and farm products	271	270	21.8	25.4
Apparel	51	38	2.8	3.3
Dry goods	32	27	2.2	1.0
Lumber, bldg. mats., hdwre	200	150	20.0	12.2
Chemicals and drugs	46	37	2.0	1.4
Motor vehicles, equipment	109	96	5.2	6.0
Miscellaneous	779	601	60.6	40.7
RETAIL TRADE	7,062	6,132	291.2	198.4
Food and liquor	978	881	62.6	23.0
General merchandise	267	212	14.2	11.7
Apparel and accessories	981	820	36.1	21.1
Furniture, furnishings	875	813	43.7	32.9
Lumber, bldg. mats., hdwre	453	404	18.6	16.1
Automotive group	1,292	1,085	44.2	40.7
Eating, drinking places	1,339	1,170	42.9	34.0
Drug stores	168	131	5.3	3.3
Miscellaneous	709	616	23.7	15.6
CONSTRUCTION	2,331	2,134	157.4	156.6
General bldg. contractors	892	825	71.5	89.3
Building subcontractors	1,298	1,180	66.7	56.5
Other contractors	141	129	19.2	10.8
COMMERCIAL SERVICE	1,246	1,146	71.8	88.5
TOTAL UNITED STATES	14,462	12,781	905.4	775.2

Liabilities are rounded to the nearest million; they do not necessarily add up to totals.

This report was prepared in the Business Economics Department by Rowena Wyant.

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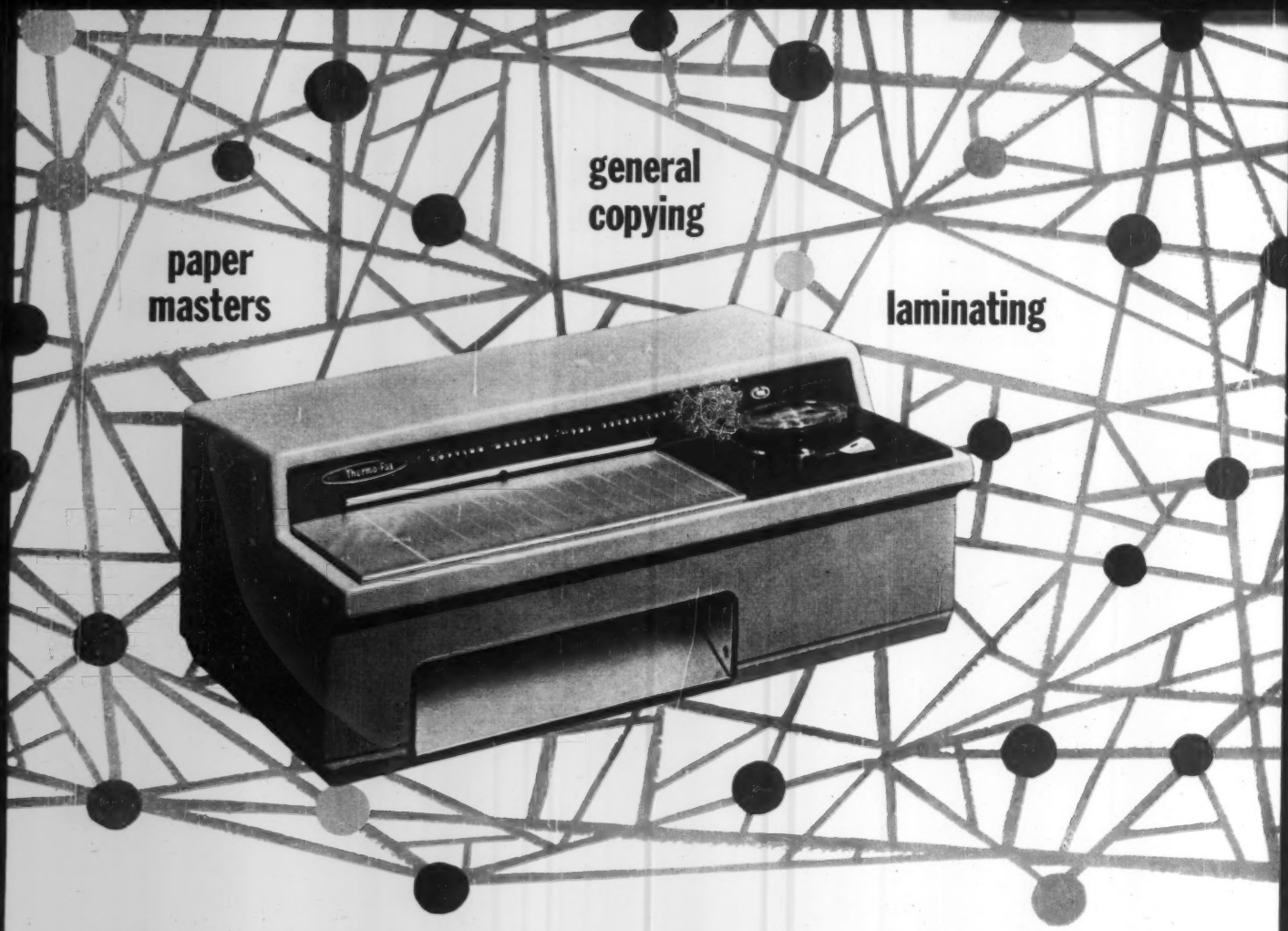

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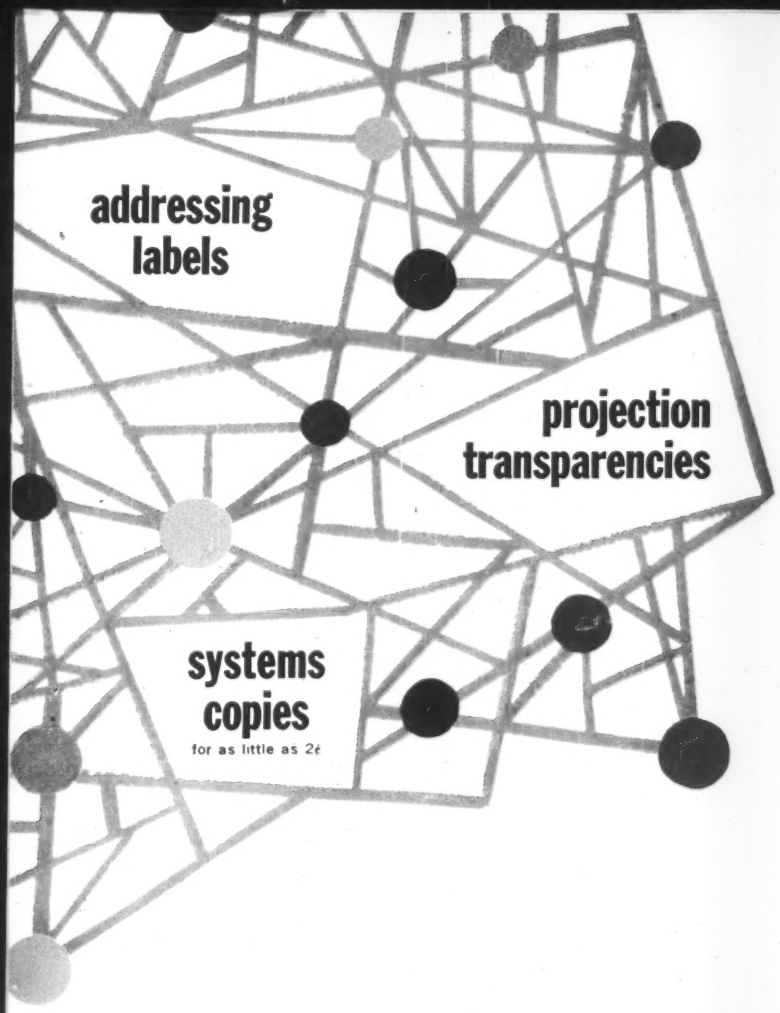

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Letters to the Editor

Liberals vs. Conservatives

SIR: Regarding Nathan Weber's letter ("Letters to the Editor," DUN'S REVIEW, October) on conservatism, I would like to offer a few observations.

"People only resist change," says Weber, "if they feel that the existing society is perfect." Isn't it a law of physics that any change is resisted? An old wagon will resist motion as well as a new one.

My son is also a student of business administration. I hope he isn't being taught the philosophy that the average working man is being paid too little because the boss is being paid too much.

If the people who live in "rat-infested hotels" would have a little get-up and gumption of their own, neither the local governments nor the Federal Government would be called upon to clear slum areas reducing property tax income and adding this additional responsibility to the man who is continually reinvesting in his present property to keep it up-to-date.

WALTER G. MILLER
President,
Bush-Miller, Inc.
York, Pa.

SIR: If Nathan Weber had studied the definition of liberal, as well as that of conservative, he might have found that neither definition is appropriate for today's political divisions.

By definition, a liberal is one who is "favorable to leaving the individual as unrestricted as possible in the opportunities for self-expression or self-fulfillment." Certainly that does not describe the left-wing faction in either party!

A *conservator* is one who has the power or tendency to conserve, and to conserve is defined as, "to keep in a safe or sound state; preserve from loss, decay, waste or injury; keep unimpaired."

Mr. Weber overlooks the fact that (by definition) *liberal* practices allowed many $10-a-week office boys to become $50,000-a-year executives. By current liberal practices, the $10-a-week office boy would be allowed to become a $75-a-week office boy.

Actually, the liberal of today desires to make all men equally full-bellied, equally materialistic and equally lazy. The conservator of today desires to again make all men equal before the law, equally allowed to exercise initiative, ambition and individual ability.

KENT ANDERSON
Austin, Texas

SIR: The opposite of conservatism is radicalism—not liberalism. Barry Goldwater once remarked that if it were not for the radical who brands everything else as conservative, we would be known as liberals.

I just couldn't let Nathan Weber get away with the remarks that he has made.

FLORENCE MALONEY
Canoga Park, Calif.

"Incidental" Power

SIR: Senator Goldwater's article on government power policy ("Our 'Incidental' Power Plants," DUN'S REVIEW, October) is, in my opinion, accurate and excellent.

JAMES B. BLACK
Chairman of the Board,
Pacific Gas and Electric Co.
San Francisco, Calif.

SIR: The article by Senator Goldwater is one of extreme interest to the management of this company . . . .

FRED NORRIS
Supervisor,
Advertising and Publications,
The Dayton Power and Light Co.
Dayton, Ohio

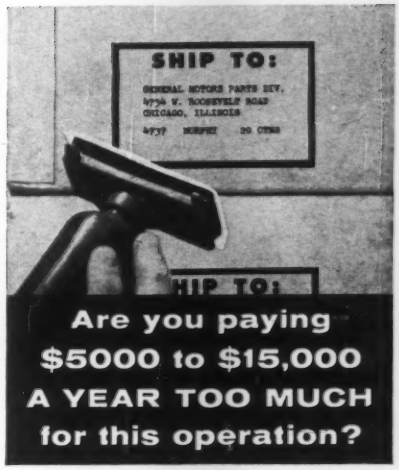
SIR: . . . describes the federal encroachment upon private enterprise in the field of electric power very ably.

C. E. THOMAS
Assistant to the President,
California Electric Power Co.
San Bernardino, Calif.

Riding the Rails

SIR: Loud cheers from a longtime fan of the Burlington Railroad and its president, Harry C. Murphy. From long observation I can state that the railroads of America—particularly here in the East—wouldn't be in the sad disreputable state they are in if more men of Mr. Murphy's vision were available for management.

It is to be hoped that your article regarding the Burlington's solicitation for passenger service ("Sales & Distribution," DUN'S REVIEW, September) is read by railroad people throughout the country. Possibly this is too much



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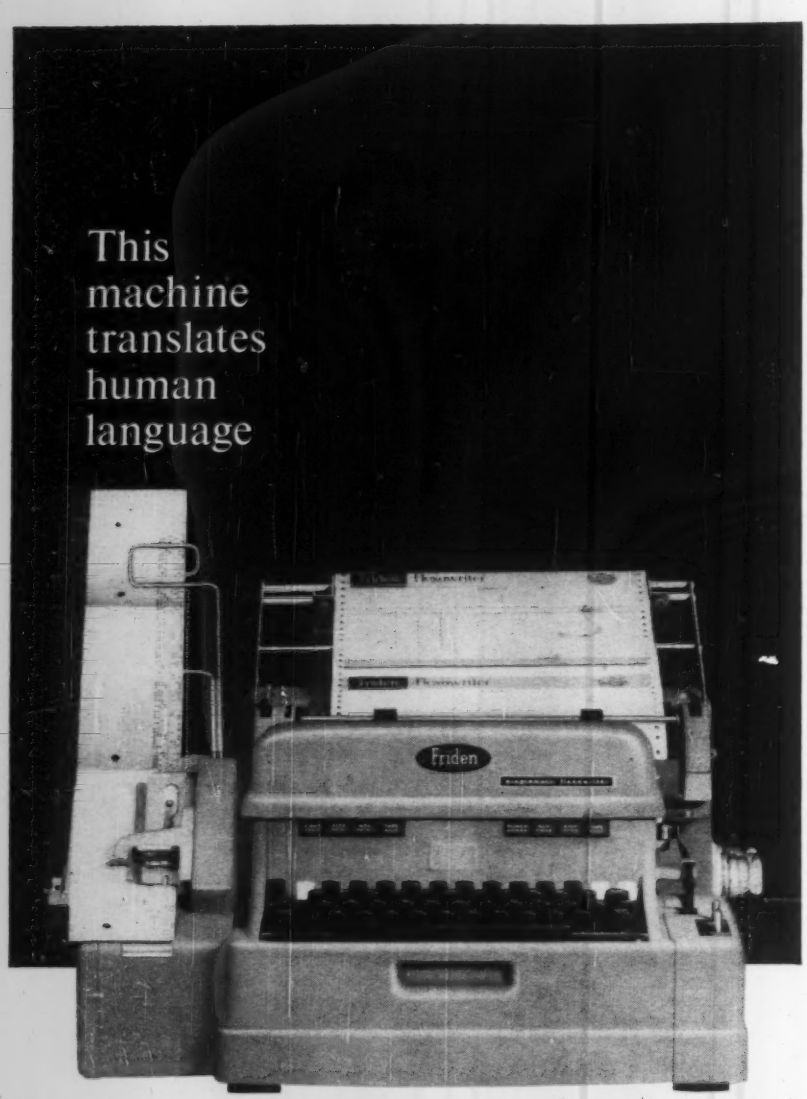

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THIS IS PRACTIMATION: automation so hand-in-hand with practicality there can be no other word for it.

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to hope for, since again it's been my observation that the Eastern roads, specifically the Pennsylvania and New York Central, have no idea what Mr. Murphy has done to make passenger travel attractive to the public. I would go farther and say that had the passenger service on all roads been kept up to par with the Burlington, the airlines and private automobiles wouldn't be carrying the numbers they are today. As a longtime rider of the Burlington Zephyrs, I note with satisfaction that they still carry large crowds.

As a suggestion, if the Eastern roads ever come to their senses and recognize the need for a real management team, I'd like to refer them to the same Mr. Murphy. As a matter of fact, the Government might do well to select Mr. Murphy as the czar of railroad transportation in the United States.

W. H. HICKEY
Talon, Inc.
Philadelphia, Pa.

The Benefits of Credit

SIR: Congratulations on your excellent editorial, "Living in the Future," in the September issue of DUN'S REVIEW. It is an effective statement recognizing the tremendous importance of installment credit in our economy, but recognizing likewise that overindulgence is not sound. Fortunately both the users of installment credit, with rare exceptions, and those in the business of providing such credit have historically been fully aware of the disastrous effects of overindulgence. Unfortunately, however, there has been a widespread tendency to ignore or to underestimate the importance of installment credit in our economy and its beneficent effects.

ERNST A. DAUER
Director of Consumer Credit Studies,
Household Finance Corp.
Chicago, Ill.

Dun's Position

SIR: DUN'S REVIEW most certainly stands on its own feet and reports a realistic view of the business world. You are to be commended on this position.

In this day of "the government knows best," it is most imperative that the conservative thinking, which is, in my opinion a realistic appraisal of the facts, be brought to the people. This you have done very well.

W. L. GUERNSEY
Credit Manager,
Fullview Division,
Cal-Tech Systems, Inc.
Glendale, Calif.

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102 WAYS NEW AND BETTER! Scores of improvements for reduced fleet operating costs and maintenance! Plus low initial cost in a wide range of compact models—American, Classic 6, Ambassador V-8. Features like this are standard on all or most 1962 Ramblers: Double-Safety Brake System, with tandem master cylinders—one for front brakes, one for rear; 33,000-mile chassis lube; 4,000-mile engine-oil change; greater road clearance; Road Command Suspension for smoother ride; acoustical (and insulating) ceiling of molded fiber-glass. And all have no-rust-out Ceramic-Armored muffler and tailpipe, and famous Deep-Dip rustproofing up to the roof! See your Rambler dealer for an on-the-job test, or contact: Fleet Sales Department E-12, American Motors Corporation, 14250 Plymouth Road, Detroit 32, Michigan.

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BURNS ALERTNESS

Incident Verified: Packaging Corporation of America, Filer City, Michigan, July 1961

The man was *"electrocuted"* ...but the Burns Guard didn't give up

At 4:20 AM, a grass fire started outside the company premises. As a community service, Burns Guard Nowak drove out with an extinguisher. He noticed another man fighting the fire from the opposite side. Suddenly, the man was a mass of sparks. He fell. Nowak saw that he had stepped on a fallen high tension line, the cause of the fire. The Burns Guard rushed up, grabbed the victim's non-conducting jacket and pulled him off the 7200 volt wire. Nowak found no pulse or heart-beat and instantly began mouth-to-mouth respiration. Seven minutes later, the man revived. Nowak radioed from his truck for an ambulance. The victim, a company employee, recovered fully.

This is but one of a thousand examples where a Burns Guard's initiative and alertness have resulted in particularly outstanding services. Every guard reports for duty with Burns' training in first aid, fire prevention, intruder apprehension, daily log maintenance, time clock supervision, parking lot direction, reception procedures and patrol methods. And, each force is under round-the-clock supervision by an officer. Where required, we may recommend a security system that includes the latest electronic fire and theft equipment. Burns saves on security costs because uniforms, side arms and other costs such as social security, vacations, training and overtime are absorbed by Burns.

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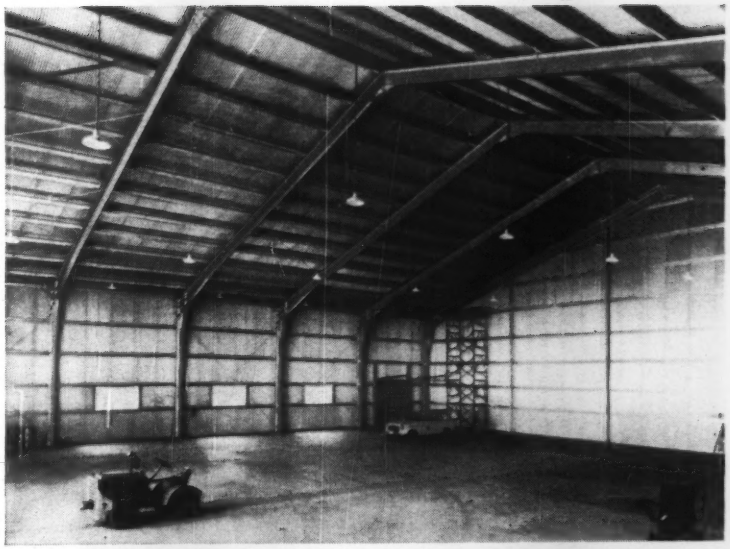
All three building interiors on this page have something notable in common—there are no posts or columns to waste valuable floor space. These steel buildings are clearspan constructed with the supports built right into the walls. Steel frames with walls and roofs of galvanized steel sheets make buildings that are durable, strong, and safe for years to come—important factors when considering insurance, financing, fire or storm damage.



wide-open

It takes practically no time at all to erect a factory-built steel building, because the parts are pre-engineered by the manufacturer and then shipped to the site ready to erect. So, a steel building saves construction time and costs. Saves maintenance, too! When you need more room, it can be easily expanded, and you can use factory-painted steel sheets, or other materials as accents to suit your esthetic fancy.

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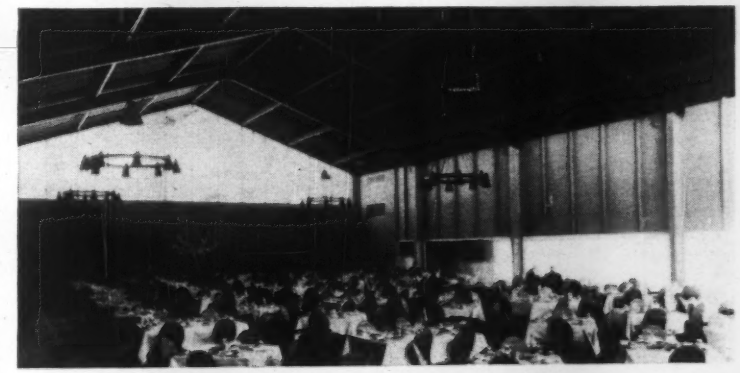

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Gertrude used to come in once a month, mail out our bills. Gertrude got married. Gertrude got babies. Good-bye Gertrude! Substitutes were hard to find, and not very satisfactory. Billing became a minor crisis. Then we found out about that little Pitney-Bowes folding and inserting machine. The 3300-FH isn't nearly as pretty as Gertrude. But it folds and inserts our bills in an hour, not all day.

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information about

Des Moines

for industrial site seekers

Des Moines is located in the center of the Upper Midwest market area... an area that has a population of 28½ million people who have a purchasing power of $52 billion. Its favorable geographic position is enhanced by exceptional transportation facilities serving the area. A community financing plan is available for plant construction.

Des Moines has one of the country's best public school systems as well as excellent cultural and recreational facilities.

The Rock Island has many choice industrial sites available in Des Moines and other Iowa cities. If the following information about Des Moines interests you, get in touch with us for more specific details. We'll work with you in strictest confidence.

LABOR: Skilled stable labor force of approximately 100,000 available in Polk County; increase in employment of 10,300 in 8 years; average education 11.4 years.

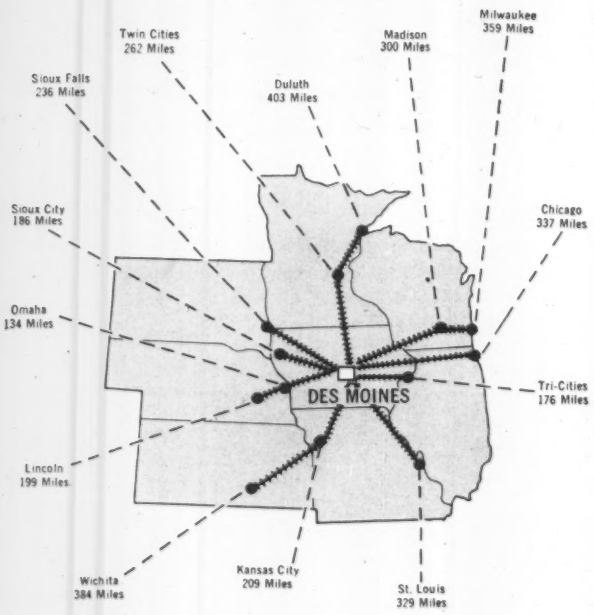
POWER: Two main electric generating plants with a capability of 360,000 KW per day; unlimited supply of natural gas; pipeline capacity of 72,300 bbl of fuel oil per hour.

TRANSPORTATION: The Rock Island and 9 other railroads; 40 interstate truck lines; 45 local truckers; 3 airlines with 83 in-and-out flights daily; 4 bus lines.

HOUSING: 16,533 new housing starts in nine years ('51-'59); four attractive residential suburbs within a six mile radius of downtown; average sale property value is $14,459; monthly rentals average $15 per room unfurnished; Des Moines is engaged in a very aggressive Urban Renewal Program involving a total of 662 acres.

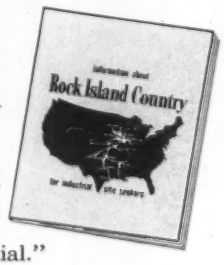
THE COMMUNITY: 70 elementary and high schools with an average of 29.5 students per classroom; Drake University and Grand View College, as well as several commercial colleges giving complete courses in business training; 56 parks and community centers; 12 hospitals staffed by 443 doctors; annual budget of $17½ million for welfare; lovely art center; good community theater program; city auditorium which presents many fine entertainment and athletic events.

COMMERCIAL SERVICES: 51 classifications of industry with 361 manufacturers, 550 distributors and wholesalers; 19 contractors for new plant construction; exceptionally wide diversification of commercial activity.



CLIMATE: Average mean temperature is 49.8°; average monthly rainfall 2.64″ (31.68″ average annual rainfall).

INFORMATIVE BROCHURE describes 12 key markets in Rock Island Country. This fact-packed "Rock Island Country" booklet, as well as further details on industrial sites in Des Moines, may be obtained by writing on your company letterhead to P. J. Schmidt, Manager, Industrial Development, Department 183, Rock Island Lines, La Salle Station, Chicago 5. The brochure and supplementary information will be mailed in a plain envelope marked "Confidential."

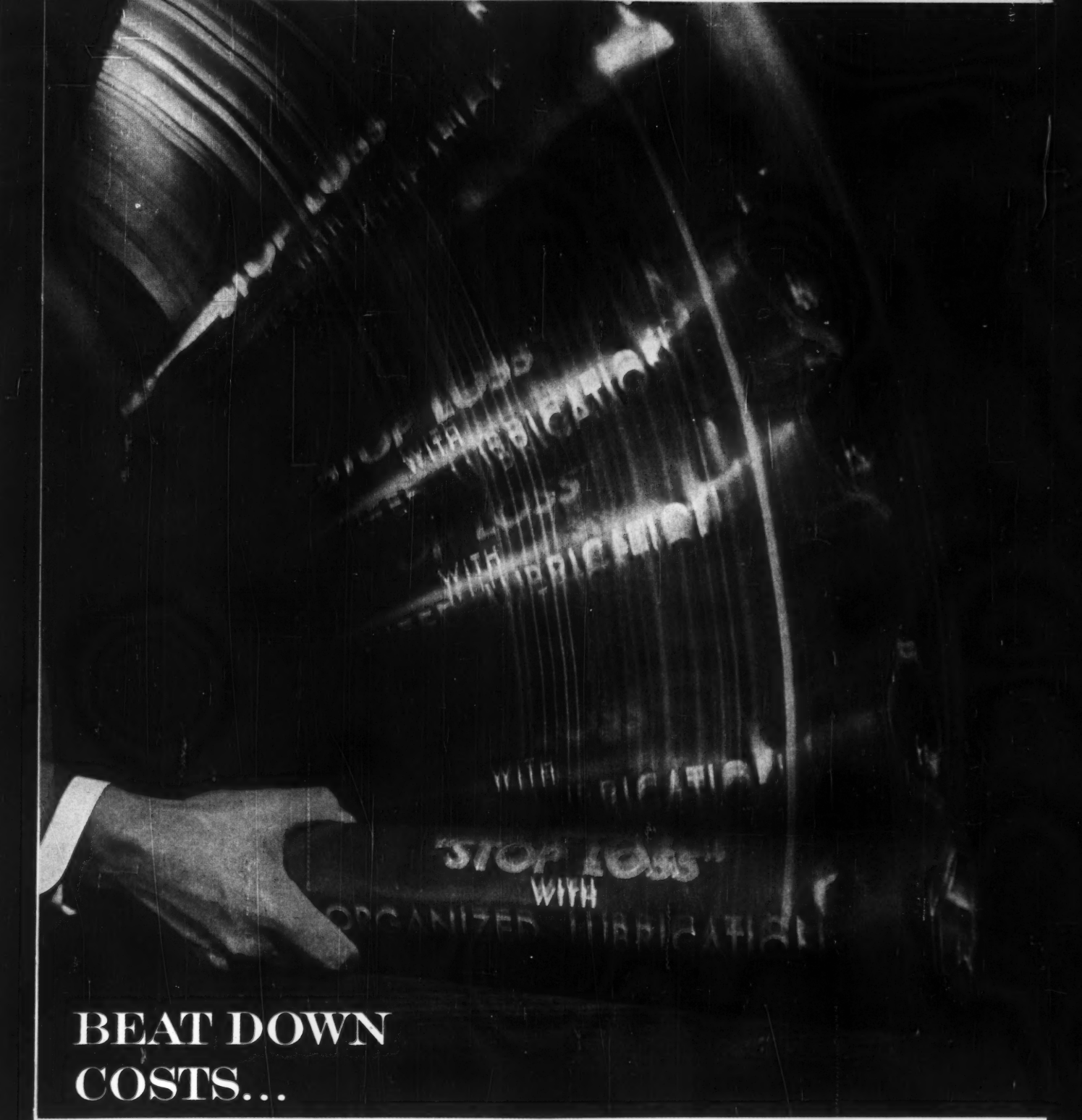


Rock Island

ROCK ISLAND LINES

The railroad of planned progress ...geared to the nation's future

Chicago 5



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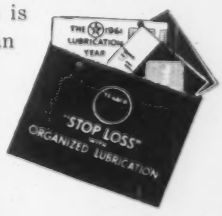

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New 409 V8 powered C80 heavyweight on run through Monument Valley, Utah.

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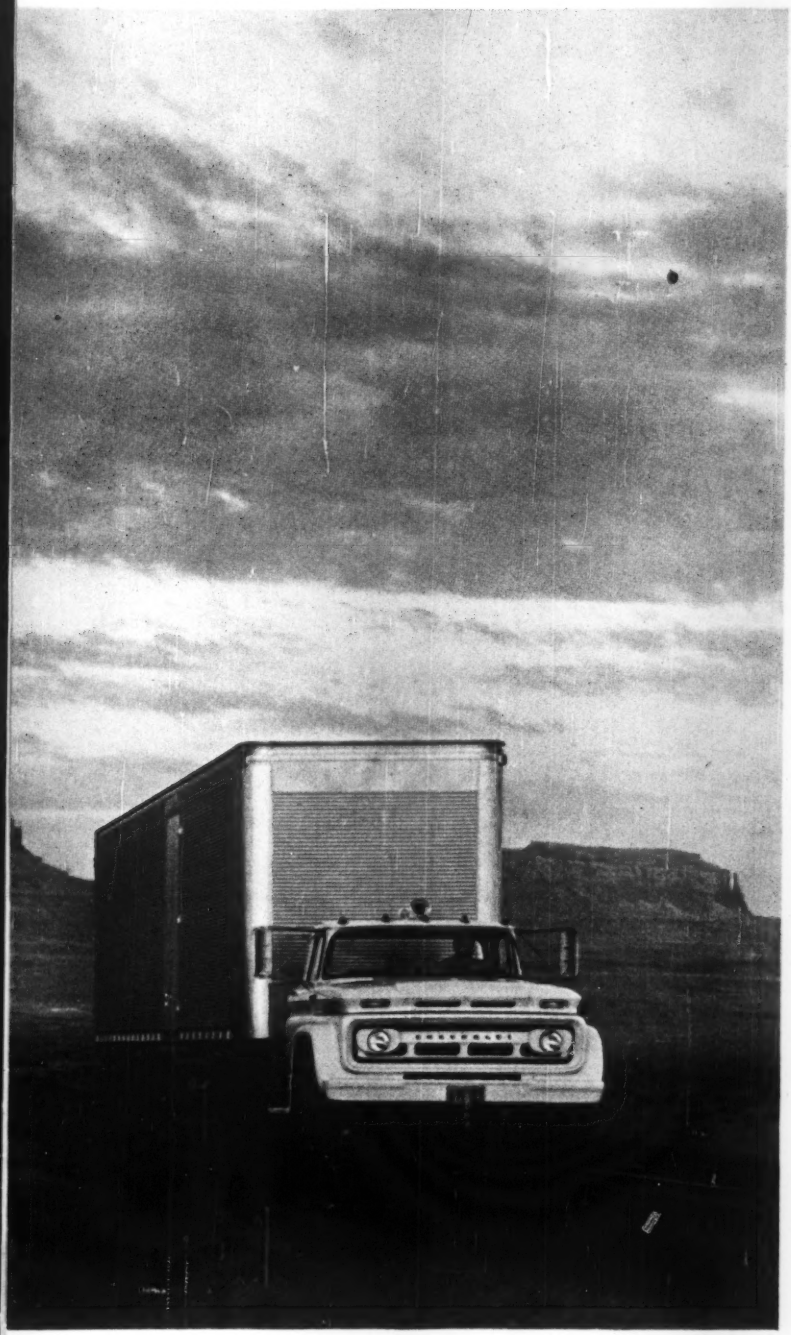

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DUN'S REVIEW
AND MODERN INDUSTRY
December 1961

EDITORIAL

The Bird in the Gilded Cage

THE wealth of the United States is dynamic, not metallic. Geared to the whole complex mechanism of world trade, the American credit dollar is the prime element of strength in the international monetary market. Nevertheless, our adherence to a currency with a fractional gold coverage since the Gold Reserve Act of 1934 is more than a gesture of deference to logic and tradition. For it is the substantial thread of gold in our currency that encourages confidence among other nations for whom gold holds both shadow and substance.

Henry Carey, an early nineteenth century economist and defender of "paper money," recognized that the economic strength of America was the energy that transformed her natural resources into wealth. A century later, in designing the Federal Reserve Act, Carter Glass saw human incentive as the catalyst of economic growth. Both men understood that iron ore, bauxite and silica are meaningless until a man sees the need for a product or structure and translates this urgency into action.

All the gold in the Rockies, the Urals and the Witwatersrand put together could never support the currencies of the world with the backing of confidence that the credit dollar creates. The alloy has become more precious than the gold. True, our guarantee to hold a 25% gold reserve against Federal Reserve notes is basic to a stable dollar. But consider the relationship between $17.5 billion in gold at Fort Knox and the $540 billion in goods and services which our economy is creating annually. We have a colossal bird in a gilded cage.

Modern man needs a common denominator of trade, an instrument of exchange for the fruits of toil and soil. Primitive man used shells, beads, wampum and skins as a means of eliminating barter. Hard money, especially gold, was an attempt to measure equal value out of hand for goods or services received. Paper money, or credit scrip of any kind, introduced a third party in the transaction. Usually, this was the Government, with its hand on its heart, promising to perform or redeem.

Citizens had good reason to demand a substantial backing for that paper money. By virtue of its scarcity and weight, gold was the most impressive of all metals for this purpose. In the course of time, though, gold has lost some of its historic usefulness as a stabilizer and monitor of trade. Today, no nation can ransom its credit or fortify its borders with precious metal alone. True wealth is the result of capital in movement, energized by the mental and physical work of men.

Today, to melt down the antique golden idol for the benefit of jewelers, dentists and scientists and take its illusion of grandeur out of the complexities of world trade, would be the decision of a despot. Eventually, though, that day will come to cause confusion among a future generation of money changers.

Until the major economic powers agree on a paper currency for multilateral trade, gold will retain its basic monetary function. As practical businessmen around the world aim for common markets with faster communication, faster transport and closer mutual understanding, the day of that agreement draws nearer. Meanwhile, gold continues to serve as an item of convenience. But idolatry has given way to utility, and abject worship to a salute of respect.

Lee Loevinger, scouring industry for price fixers, may bring a rough year for business.

What's Ahead in Antitrust

THE Government's trustbusters are brewing a load of trouble for business in 1962. Next year, it seems certain, a new peak will be reached in the time and effort that businessmen put into defending themselves and their companies against charges launched by the Justice Department's Antitrust Division.

Already the load is building up. Last month, in the major cities around the country, some sixty grand juries were meeting in closed sessions to hear evidence gathered by Antitrust Division men, and to decide whether to indict corporations for breaches of the antitrust laws. Antitrust's lawyers had under way close to 250 more investigations probing into the business practices of at least as many companies. And during an average day last month a steady run of half a dozen complaints came in to Antitrust, most of them from businessmen who felt their competitors were violating the laws.

All these moves—the grand jury sessions, the preliminary probes and the flow of complaints—are building up the case load for next year. Antitrust in 1962 is clearly going to keep businessmen on their toes.

By how much depends heavily on just one man: bustling, shirt-sleeved Lee Loevinger (*see photo*), 48-year-old Assistant Attorney General in charge of the Antitrust Division. More than in most other subordinate government agencies, the man in charge at Antitrust puts the stamp of his own personality and his own legal and economic views on the work that his division does. The emphasis he puts on Antitrust's varied duties points the way that the division's 280-odd lawyers will follow in the suits they launch against business.

"I don't believe we'll be setting any records in the number of suits we file," Loevinger told DUN'S REVIEW recently. But over the short run his actions may well speak louder than his words. And the actions so far add up to a total of 42 suits filed against companies in the first nine months of Loevinger's tenure at Antitrust.

Cases with impact

This is not a record by any means. In fact, Robert A. Bicks, who ran the Antitrust Division during the last year and a half of the Eisenhower Administration, filed suits against more than sixty companies in his last nine months in office. But it usually takes an Antitrust chief a few months to settle down to his job and get the division working at its best speed. Six months from now, Antitrust may well be busier than ever.

In all of Loevinger's suits against business, there is no hint that any one industry is being singled out and put under Antitrust's gun. On the list are automobile makers and milk distributors, rock salt suppliers and household moving companies, banks and battery makers.

The trustbusters of the Kennedy Administration are covering the whole field in their enforcement of the laws. But it is only human—and political—nature that they should look first for the cases that have the broadest impact. As Loevinger puts it: "The other day one fellow was in here complaining that unfair competition was ruining his pizza pie business. Well, we can't look into everything, so naturally we give preference to cases that have a broader meaning for the whole economy."

Loevinger says he is also using all the statutes at his command. "The last Administration," says he, "concentrated on enforcement of the antimerger statutes. Bicks believed that heavy use of these was the most effective use of Antitrust. I think our approach should be broader."

But there is a pattern emerging in Loevinger's operation. His men, with the aid of FBI agents, have so far been putting a lot of emphasis on tracking down price-fixing complaints. And Loevinger himself says: "Price fixing is the principal crime under the antitrust laws that is applicable as much

to small companies as to big ones. It's the single most heinous breach of the laws."

It is also usually one of the most difficult violations to prove. What has now gone down in business history as the "Great Electrical Conspiracy" was broken, of course, under the Republican Administration, and seven executives were jailed. Now, apparently, Loevinger hopes for more such cases. Some lawyers who are close to the Antitrust Division but are not on its staff say that Antitrust investigators are now trying to develop evidence against top executives in the major electrical equipment companies that earlier this year were fined heavily for conspiring to fix prices of their products. "The Antitrust men are wasting their time," says one of these lawyers. "They had their opportunity back in February when the seven lower-ranking executives were in jail. Those men were hysterical half the time they were in jail, and if they had been grilled a little at that time Antitrust might have learned something more. But now those executives have big jobs again and they're not likely to talk."

For this kind of cloak-and-dagger work, Antitrust can call on the Justice Department's more glamorous arm—the FBI. But not all the FBI operatives working with Antitrust are playing such Hollywood roles. Many are trained accountants, and their function is to search out the possible effects of major corporate mergers.

Targets in finance

Here, Loevinger has taken on the banks. This is something the last Administration hesitated to do because it doubted whether the Clayton Act's antimerger laws were strong enough to prevent bank mergers. Under President Eisenhower, the Justice Department asked Congress repeatedly to strengthen the law, but Congress did not act. Loevinger, undaunted, has jumped right in.

He started with a suit against the merger of the Philadelphia National Bank with Girard Trust Corn Exchange Bank, followed up with another against the merger of Manufacturers Trust Co. with the Hanover Bank and set up a third against the merger of Continental Illinois Bank & Trust Co. of Chicago with Chicago's City National Bank.

In each of these important moves against bank mergers, Antitrust lost the first big steps—the pleas for injunctions to halt the mergers until the cases are finally settled. To Loevinger, these are no great losses. Says he: "We think we have a very good chance of winning the cases in the end."

But some lawyers outside Antitrust —and not involved in the bank cases —believe that loss of the injunctions is as good as a complete setback for Loevinger. Says one of these lawyers who has seen Antitrust's men in action: "Antitrust went into this whole bank merger business only half-prepared. It started late, particularly in the Manufacturers Trust case, then shilly-shallied and wound up losing pleas that it otherwise stood a very good chance of winning. They'll never be able to do anything to separate the merged banks now."

No matter what the result, these are important cases for the whole economy. If the banks prevail, more mergers are likely to follow that will concentrate finance in ever larger combinations. But if Antitrust wins, there may be attempts to separate some already-merged banks, and these attempts could create much confusion in finance. Either way the result means a lot to all business and especially to big business. For one of the reasons that many major banks seek to merge is to meet the financing demands of their big industrial customers.

The bid to stop these bank mergers fits precisely with Loevinger's view of the whole purpose of the antitrust laws. Says he: "You hear two persistent arguments from uninformed people. One side says that the antitrust laws are useless, hypocritical, futile and ineffective in preventing big combinations in business. The other side says the laws are wrecking business, fracturing it and making it inefficient. Those are polar arguments. There just can't be any reconciliation between those views. Neither of them is realistic. They are both myths.

"The fact is that the administration of the antitrust laws has, over the years, prevented cartelization of business in the U.S. The industries that were big and close to monopolies twenty years ago are not the same ones that are big and close to monopolies today. This is the proof of the value of these laws."

To this end, it is notable that under Loevinger the Antitrust Division has launched one of the first suits to pull apart a merger in the electronics industry—an industry where the number of competitors has been sharply reduced in the last year. Antitrust's case is against the merger of Ling-Temco Electronics and Chance Vought Aircraft.

If there is any one company that might be called the favorite target for Antitrust, it is General Motors. Two indictments stand out against GM—one charging it with restraint of trade for blocking the sale of new cars through discount houses in Los Angeles; the other against its Electro-Motive Division, which holds a 70% share of the market for diesel locomotives.

A cause for debate

GM is testy about these indictments. Just recently, President John F. Gordon, unveiling a new locomotive, said GM hoped to get an even bigger share of the market despite the Electro-Motive indictment.

From these moves against GM and the big banks, some businessmen draw the conclusion that Antitrust in the Kennedy Administration is going to hold that all big business is bad. Loevinger, though, says he is certainly no believer in the idea that bigness is badness. Both sides may soon come down to a clash. For GM, with close to $3 billion in working capital on its books and for years cautious about expansion or diversification lest it run afoul of Antitrust, is apparently getting restive. If it takes the risk and sets out to spend a sizable part of that capital to expand or diversify, the move is bound to spark a whole new debate over the purpose, use and effectiveness of the antitrust laws. There can be no telling yet whether this, too, will be on the antitrust agenda for 1962.

A few blocks down Constitution Avenue from the Justice Department, Antitrust's less-menacing—but for many businessmen equally time-consuming—cousin, the Federal Trade Commission, is revamping its operations under the new Administration. Chairman Paul Rand Dixon has shaken out of Congress a larger budget to increase his staff by 25%. For the new work rules Dixon has set up will increase the volume of FTC's work—and the number of businessmen who will have to defend themselves against the Commission's complaints of unfair competition or deceptive business practices.

The one new rule that will mean most trouble for business next year

calls for the FTC to crack down on whole industries at almost one time. "For decades," says Dixon, "the FTC has moved against just one or two companies in an industry where deceptive practices are widespread. The businessmen who were challenged complained that they would quickly be driven out of business if their competitors did not quit the practice, too. So now we're determined to clean up an industry all at once."

Between them, Dixon and Loevinger are helping earn the new Administration an "antibusiness" tag. Is it justified? "Certainly not," say the two men. Both, in effect, say: "The laws we must enforce do not lay out a straight, narrow, difficult path for business to follow. They merely outline the actions that business must not take. Within the broad legal area, business enterprise is as free as ever."

But the antitrust laws are largely vague, imprecise statutes. The use that is made of them depends heavily on the men who are charged with enforcing them. Next year the nation will get its chance to judge the validity of that tag. JOHN MAUGHAN

"Voltaire and a Cowboy . . ."

The middle years of the New Deal produced dozens of men in Washington to whom large numbers of the nation's businessmen reacted with scorn or fear, distrust or derision. Few generated more fear and distrust than Thurman W. Arnold, a vibrant, outspoken law professor who started a five-year tenure as President Roosevelt's antitrust chief in 1938 with the announced intention of "using the laws as they should be used for the first time in fifty years."

What does Arnold, who indicted well over 1,000 individuals and organizations, think of today's trustbusters? Seventy years old, author of the learned and often witty *The Folklore of Capitalism* and a partner in the Washington law firm of Arnold, Fortas & Porter, Arnold has not changed his ways at all. He is still as outspoken as the day in the late 1930s when he was labeled "a cross between Voltaire and a cowboy—with the cowboy predominating."

And he believes that the antitrusters of 1961 are making serious mistakes in their philosophy and their approach. "Nowadays," points out Arnold, "they're concentrating on price-fixing cases, and the jailing of these electrical company executives must have pulled up hard some other uncaught offenders. But no one individual case will stop price fixing. The only way to stop it is to break up the big combinations."

Though he represents some of the biggest companies in the nation ("I have no cause to change my economic views to suit my clients"), Arnold argues that point vehemently. "The last Administration," he observes, "stopped the merger of Bethlehem Steel and Youngstown Steel and they got a lot of legal praise for that. But that sort of thing doesn't get to the heart of the matter. What's the point of stopping mergers among the second- and third-ranking companies in an industry when you let the price leaders alone? It would have been better to let Bethlehem and Youngstown merge so they could compete more effectively with U.S. Steel."

Similarly, and despite all the blaring headlines, Arnold does not believe that the Justice Department is doing a particularly effective job today. "There ought to be an end," he says, "to the business of letting companies sign consent decrees—avoiding punishment for breaches of the laws and promising not to break the laws again. This is simply part of the numbers game that government departments play.

"As soon as a company sees its case is slipping, it's ready to settle for a consent decree. And the Government is ready to settle so that it can rush on to the next case and the next headlines, and build up a big record of suits.

"These things," Arnold goes on, "ought to be fought out, because the consent decrees never get to the heart of the matter. The companies always consent to give up one of their minor bad practices and they retain and profit from much worse ones. The Government goes along just to build up a record that will make it look busy and effective."

On one point, though, Arnold remains firmly on the side of his clients: that is, the growing concentration of economic power in the hands of the unions. "The antitrust laws," Arnold says, "ought to be extended to cover the labor unions. Other federal regulatory agencies can't do the job. The regulators all eventually become a part of the very institutions they are supposed to be regulating. That's the unique point about the Antitrust Division—its actions are all, in the end, subject to the rulings of the federal courts. Now the federal courts may seem pretty poor from time to time, but their jurists—unlike the heads of regulatory agencies—just aren't influenced by or emotionally involved with companies that appear before them."

Can Antitrust, then, regulate the unions? "It's just politically impossible," admits Arnold. "And the businessmen who call for this are interested only in breaking up the unions by using the antimonopoly statutes against them. What they should be pressing for is the use of unfair practices and restraint of trade provisions against the unions."

Arnold makes that point even while conceding that the pressure of Antitrust on businessmen is extremely strong. "I know my clients spend more and more of their time cursing the government lawyers," he says. But he is also convinced that that pressure will keep getting stronger. "This," he says, "is good. It keeps our economy competitive, even though it has not stopped some very big combinations. We have never in the U.S. become as tied up by cartels as the people of England or France or Germany.

"And for this we have to thank the Sherman Act. It's vague and virtually impossible to enforce. It is more like a Constitutional provision than an ordinary statute. But for a long time it has established—even if only symbolically—the primacy of the Government over business enterprise. No other country has anything quite like it."

The Key to Africa

From a distinguished industrialist comes a way to break safely into a rocketing new market.

CLARENCE B. RANDALL

IT is the lesson of history that whenever in the course of human affairs a revolution is in the making, whether in politics or in economics, only those who are unusually wise and imaginative sense it in advance, and only the bold take suitable preparatory action.

That is precisely where American industry is today in its trade relationships with the remote, but rapidly changing, new countries of the world. A revolution is on which will affect our economic future tremendously, though only the more alert in our business leadership fully sense it.

Great new markets are about to open up in the far reaches of the world, in areas where few Americans ever go; out along the Ganges river and the Indus, for example, or the Volta, the Niger, the Zambezi and the Congo.

Americans are not there, but the competition is, in force. Leaving the Russians out of it, for they are a very special menace, many other nations are already out there ahead of the U.S. In the field of small commerce it is the Lebanese, the Greeks, the Israelis, the Pakistani and the Indians. In consumer goods and heavy industry, it is the Germans, the Italians, the British, the French, the Japanese, the Czechs and the Yugoslavs. Americans are losing out by default. When the day comes when it shall need these markets badly, as it surely will, the U.S. will find that they have already been pre-empted by others, unless it increases its resourcefulness and vigor.

Believing this so strongly, I embarked upon a one-man poll. Looking over the whole field as best I could, I picked the country which I thought an American company should examine first if it wanted to have a significant part in this exciting new adventure. I took advice from no one, just played my own hunch, and then flew out to have a look. By the time I came back, my hunch had been transformed into high enthusiasm.

The country was Nigeria, on the west coast of Africa. Why Nigeria, a country which half the American businessmen whom I know could not locate accurately on a map?

First of all, Nigeria is clearly destined to play a commanding part in determining the future of all of Africa. Severe as are the problems which it still must solve, this new nation at the end of its first year of independence offers great hope and enormous prom-

ise for the future. No investment there will be free from risk; it cannot be in any new country, or in the U.S. for that matter. But risk-taking is the very essence of the entire system, and if Americans have lost their daring, it is high time they found that out. If they are no longer bold, they shall not be holding their own a generation hence.

Nigeria's assets? The country has a population of 40 million people, which is one fifth of the total population of all Africa. The average per capita income is pitifully small, perhaps not more than $75 per year, but at that it is ahead of India. The present growth rate of the economy is about 3.8%, which is very creditable. The gross domestic product is around $3 billion, out of which the fixed capital formation is running at about 15% a year, which is very good indeed for a new country. Such a market obviously has great potential for the future, and an American company that is expansion-minded might well decide to have a look just on this showing, without knowing more.

A wealth of resources

But there is, in fact, a great deal more to add. Here is a new country that not only is displaying a determination to achieve economic progress without abandoning democracy, but one that has the resources with which to back that purpose.

Nigeria already has, for example, diversity in its exports. These include not only the three staple West African commodities, palm oil and kernels, peanuts and cocoa, but, in addition, rubber, cotton, bananas, timber, hides and skins.

In minerals, Nigeria's resources are most impressive. An important deposit of tin is located at Jos, and the export of that ore brings in a substantial amount of foreign exchange. In the same general area there is also a seam of columbite, the rare mineral which is now in such demand as an alloy in the production of jet engines. Coal has been mined for many years, so that no fuel need be imported for the railways. Five years ago an important oil strike was made. The crude is presently being shipped out by sea, but a refinery will soon be built which will serve the internal needs of the country.

NIGERIA'S Balewa seeks more investment capital for his needy country.

Tremendous reserves of natural gas have also been proven up. They are located so favorably that many competent observers believe that Nigeria would be well advised to develop her electric grid through the construction of thermal stations, postponing indefinitely the building of a hydro dam across the Niger. Finally, both iron ore and limestone are available near water, and a steel plant is already in the blueprint stage.

Furthermore, the infrastructure of basic public facilities which every new country must have before development can be pushed is already in being. As to transport, there is already an extensive network of railways and hard-surface roads, and all of the principal towns can be reached by air. Lagos has a well developed harbor and a busy waterfront. Overlooking the harbor, this capital city also has a modern new hotel. Accommodations for the traveler at Kano are also more than adequate.

Private enterprise requires, of course, not only a stable economy but a favorable attitude on the part of government. Here again the outlook in Nigeria is encouraging. Certainly the pronouncements of the political leaders have been unequivocal on this point. They have declared themselves as favoring strongly a continuing inflow of private foreign investment and have promised every assistance. They have established bureaus to advise investors and have raised no barriers to the repatriation of profits and amortized capital.

Added to that, Nigeria's leaders have created incentives for investment in the form of term relief from taxes and import duties. They have also maintained a tariff schedule that is no higher than that of Great Britain and lower than that of India or Pakistan. The effective tax rate on a locally incorporated subsidiary of an American company is 45%.

The best assurance for the investor, however, lies in the fact that this favorable attitude on the part of the government is duplicated by the nature of the people themselves. They are intense individualists. Small landholders produce the bulk of the cash crops, and there have never been large estates for the reason that the land has been communally owned. The tradition of the exchange of goods between the districts is as old as history—the Yorubas in the West have always been an urban people, an exceptional quality in Africa.

Governmental budgets have been conservative. The currency is stable and convertible. A private banking system is functioning, with several fine American institutions represented, and Lagos now boasts the first stock exchange in West Africa. The investing of private savings in industry has begun.

Nigeria is also outstanding in the quality of her political leaders. The governor-general, Dr. Nnamdi Azikiwe, is widely known abroad. He has given his entire mature life to the peaceful quest of independence for his country. The prime minister, Sir Abubakar Balewa, is almost Lincolnesque in his devotion to his people, while Chief Abafemi Awolowo behaves responsibly as a leader of the Parliamentary opposition.

These men, and others like them, often have serious differences. That makes for strength, however, not weakness. Private enterprise is safest in a country which engages in free political debate. Its foe is the monolithic state; its friend, the country where strong men may differ. Furthermore, there is full agreement among all leaders that the advancement of education at every level is imperative, including that for women. The mere fact that out of the resources of the nation a high allocation is made for the support of

Former chairman of the Inland Steel Co., Clarence Randall currently is in Ghana leading a government mission which is taking a "final hard look" at the proposed U.S. aid to the Volta River project.

schools and institutions of higher learning is in itself a guarantee of the high respect held for the individual.

Nigeria also has one special safeguard against the hazards of civil unrest which is all but unique in Africa. There is little race tension for the reason that there are no white settlers. Since the land has always been communally owned, great estates held by foreigners, such as those developed by Europeans on the fertile highlands of Kenya, simply do not exist.

When it comes to answering the instinctive question of an interested American businessman as to what Nigeria needs most, the answer is simple: the country needs nearly everything. There is little that the U.S. produces that would not be wanted by someone in this rapidly emerging new nation.

But high on the list of needs for which American industry has special skills is food processing. Nigerians are protein starved. Since they eat little meat, the dread disease of *kwashiorkor,* caused by lack of protein in the diet, takes a frightful toll, particularly among children. American research chemists who could develop a process for extracting protein from cassava leaves or other vegetable material would open a tremendous market.

Furthermore, the sea off West Africa teems with fish. Japanese boats are there, but not American. And though African sailors know the waters well, their craft are pitifully inadequate. A fleet stationed offshore, with processing plants on land and refrigerated trucks for transport on the highways, should be able to develop a large volume almost immediately.

The Nigerian likes to move about, too. Never before in my life, except possibly in Copenhagen, have I seen so many bicycles on the streets as there are in Lagos—and not one was American. The people are about ready now for scooters and motor bikes, and many of them will be at the small-car stage soon.

Africans also are thirsty. Soft drinks are displayed for sale on every street corner, and a chain of breweries is doing big business. The owners are Dutch, it should be noted, not American. The same chain, incidentally, has been steadily expanding in the Congo throughout the entire period of crisis.

The imports picture

The American who goes to Nigeria might well study the pattern of the imports. This will give him a picture of their diversity and an index of the present level of demand for any particular product. If there is in existence a strong unpromoted demand, there is reason to believe that with imaginative advertising this market can be greatly broadened. This will be particularly true if a new plant is built within the country. The people are eager to see Nigeria's own products offered for sale, and they will cooperate with enthusiasm to make that possible. The labor supply is more than adequate and quick to learn manual skills.

There will, of course, be difficulties when it comes to building a plant and training a corps of employees. First of all, our corporation lawyers must learn that in Nigeria there is no such thing as title to land in fee simple. Communal ownership has been succeeded by state ownership, but the government has set aside "industrial estates" in every urban area, for which long-term leases are available.

And there will be bureaucratic delays. Britain left as her heritage a corps of men trained to carry out a plan formulated by others, but not so many who can conceive and decide. And, unhappily, there is still corruption. The "dash" to an official has not been fully eliminated. No American businessman in his senses, however, will start down that dismal path. There may even be quotas imposed to limit the number of "expatriates" who may be brought into the country in connection with a new project. However, such conditions (which also prevail in most of the other new countries) merely add to the challenge. We must either learn to deal with them patiently and honestly or be forever foreclosed from these new markets.

The key to the whole relationship for an American company about to establish a new enterprise in Nigeria, or in any other new country for that matter, is to create an atmosphere of partnership. By hypothesis such nations are fiercely nationalistic, as our ancestors were after 1776. It must be made clear to them that Americans have come not merely to exploit their resources and their markets, but to advance the interest of the nation as they advance their own.

One very good approach to this objective is to associate African capital with the project from the outset, if that is possible. If not, an offer of sharing should publicly be made.

The second step is to let every African who is employed understand from the beginning that his advancement will at all times be based on merit alone, that no job whatsoever will be closed to him if he develops the required capacity and ability.

Such briefly is the picture in Nigeria at the moment. In my view, it is a nation with a future, one chosen by destiny for a role of leadership. END

NIGERIANS perform a traditional dance in preparation for independence-day celebration which marked their freedom from Great Britain last year.

Is running a company an easy task? If you think so, then just consider . . .

The Chief Executive's Dilemma

JOSEPH GRIESEDIECK

AS the president of the Falstaff Brewing Corporation, I have the reputation for an "open door" policy. And I am quite proud of that reputation.

In recent years, though, and as this company has grown, I've been more and more on the road. So much so that one of my associates once had occasion to say: "Joe has an open door all right, but he's seldom there."

This statement brings to mind one of the greatest challenges—and, probably, the major dilemma—that the chief executive of today must face: he must walk the tightrope of balancing out his management by making frequent "grass roots" contacts with the far-flung divisions of today's companies and yet still have the office time for both running a company and keeping up with a myriad of reports.

Let us look first at the challenge which faces top management today. The constant improvement of our corporate structure and a great desire for leadership in my own industry have created within our company, as in many others, a favorable climate for continuous progress. And progress we have had. This has meant bigger and better job opportunities for our people and a broader earnings base for our stockholders.

As a starting point, I have found that by planning a definite course of action for the company, I can concern myself with matters which might deviate from the over-all plan. And, obviously, this method of operation results in savings of time and energy for planning and thinking ahead.

But while "ivory-towerish" thinking ahead is good, we also need to keep up with those fact-and-figure-filled reports which enable us to keep tabs on the "pulse" of the company. As you know, nothing is made, bought or sold these days without a piece of paper. So when the chief executive reviews these reports and recommendations—sees who gets a copy and what action is taken—he knows what his people are doing.

But the important point for the chief executive officer to remember is that the review of reports alone cannot provide the full picture. Like most other executives, my own information is supplemented by quarterly managerial meetings and conferences with various department heads.

Along with those sources, though, as I mentioned earlier, it is equally important for the chief executive to get away from his desk and hit the open road. Through this personal contact, he will learn not only what his marketing and production people are doing, he will also acquire first-hand information regarding the activities of distributors, suppliers and competitors.

At Falstaff, by way of illustration, we have a sales slogan which says, "Go-go-go." I endorse this thinking wholeheartedly if it doesn't keep me away from the office too much.

Periodically I visit Falstaff plants and markets—both old and new—to obtain distributor, employee and consumer attitudes concerning our product and company. I have toured breweries owned by competitors and attended brewing industry meetings at home and abroad. I have also visited the manufacturing plants of our suppliers to see that Falstaff is keeping

pace with—and wherever possible, maintaining a position of leadership.

Throughout these travels the one thing which has impressed me most about all of industry is its continually increasing emphasis on research in at least three directions: market research, product research and opinion and attitude research.

Research figures dealing with nearly every phase of modern business and industry are at the fingertips of virtually every chief executive officer. But to depend on these figures solely would be suicide.

To illustrate, you may remember how the statistician drowned in the river which *averaged* only four feet deep. He could not swim, and he was so engrossed in his figures that as he waded across he forgot that at one point the river "dropped off" to a depth of 12 feet.

Research, important as it is, has certain limitations. So the chief executive officer must keep those "grass roots" contacts so that he is not trapped by the "averages" of research.

Yet there are limitations too on the amount of time a chief executive can spend away from the office. While I am a firm believer in personal contacts to keep in touch not only with my own people but with the outside world, I realize that there is one danger. All of this "go-go-go" should not reduce my availability at home.

We are all aware of the dangers of the empty chair: decision delays and lack of coordination where several different functions are involved. To avoid a "snarled" operation, some decisions must be made quickly and concisely. For my own part, I find that my "grass roots" personal contact is of great value toward properly and thoroughly reviewing reports and making the necessary decisions.

But who is to fill the empty chair when the chief executive is away? While I place great emphasis on delegation of authority, I am still responsible for the activities of the company and therefore must be available for consultation and decision making. If I find that I must be away for a long period of time, I delegate my responsibility and authority, as necessary, for the duration of my absence.

It has been said that the delegation of authority is the basis for opportunity in the industrial structure of American life. To me it means freedom to think, plan, develop and try out new ideas. It gives our people an opportunity to contribute to the success of the company. They should never be denied this opportunity.

For a chief executive to have a successful "open door" management philosophy, however, he must also have a sound program of two-way communications. And today, completely new concepts of communications are helping business and industry achieve undreamed of results and efficiency.

While there is a considerable amount of two-way communications in a business organization, the reports downward and upward are equally important. Good communications are much more than relaying information to others about decisions being made. They involve an understanding of each decision on the part of those affected by it.

To assure greater understanding, I encourage people under me to express themselves freely on any subject concerning the company's welfare. This attitude has developed a genuine spirit of teamwork within our company. And, as a result, ours is a tight, hard-hitting team which I feel possesses a high degree of morale.

In the brewing industry we talk of beer as the "beverage of moderation." I believe that a good manager, too, must practice moderation. In this sense moderation is the balance between personal "grass roots" experience and reports and statistics. He must have a good measure of both before he can properly decide and plan a course of action.

And to do that the chief executive might follow our policy at Falstaff. We try to remember that our company is essentially people, our sales are people, and it is people who make us successful. END

Joe Griesedieck: "Grass Roots" Executive

Joseph Griesedieck, the president of St. Louis, Missouri's Falstaff Brewing Corp., is eminently qualified to write on the dilemma the chief executive officer faces in splitting his time between the office and the field. In just four days last month, for example, Falstaff's white-and-gold company airplane swooped down on eight Iowa cities. At each stop Griesedieck and a team of his top marketing men met with a Falstaff distributor for a fast-paced tour of the market, then scurried back to the plane and pushed on to the next city.

Seemingly casual and easy-going, Joe Griesedieck has been moving at a breakneck pace ever since he became president of Falstaff in 1953, the third of the family line to head the company. Falstaff had grown enormously in the 20 years before Griesedieck took charge. In 1934, the first full year after Repeal, it shipped from its single brewery only some 151,000 barrels of beer; by 1953 its chain of four breweries were turning out 2,276,000 barrels of beer a year.

Griesedieck, nevertheless, soon proved that he was no satisfied inheritor of family wealth. Under his father, Falstaff had spread from St. Louis up the Mississippi Valley to Omaha, down to New Orleans and then out to the West Coast via a brewery at San Jose, California. In recent years, though, beer has been an industry which had far more overcapacity than growth in demand.

Joe Griesedieck and his executive team turned that unhappy situation to their advantage. While other companies built breweries in new areas or vainly wished for better times, they set out to buy old, run-down breweries that were operating in the red or close to it. No man to be dazzled by glittering assets, Griesedieck saw that he could buy and refurbish those breweries at a cost of just $5-$15 per barrel of annual capacity, *vs.* costs of $20-$30 for a new brewery.

Once the brewery was refurbished, Griesedieck then dropped its old brand name and started brewing Falstaff beer in it. By following that maneuver, he has been able to move Falstaff heavily into the rich Texas market (Falstaff now has breweries at El Paso and Galveston). From another plant at Fort Wayne, Indiana, Falstaff and restless Joe Griesedieck now are shooting for the big markets in Indiana, Michigan and Ohio.

Griesedieck's theory already has paid royal dividends for Falstaff. In the eight years since he became its president, Falstaff has easily outperformed the somewhat moribund beer industry by doubling its sales (to $116 million) and nearly doubled its profits (to just under $6 million). And in doing that, Joe Griesedieck and his executives have pushed "go-go-go" Falstaff into third place in its industry, behind only Anheuser-Busch and Schlitz.

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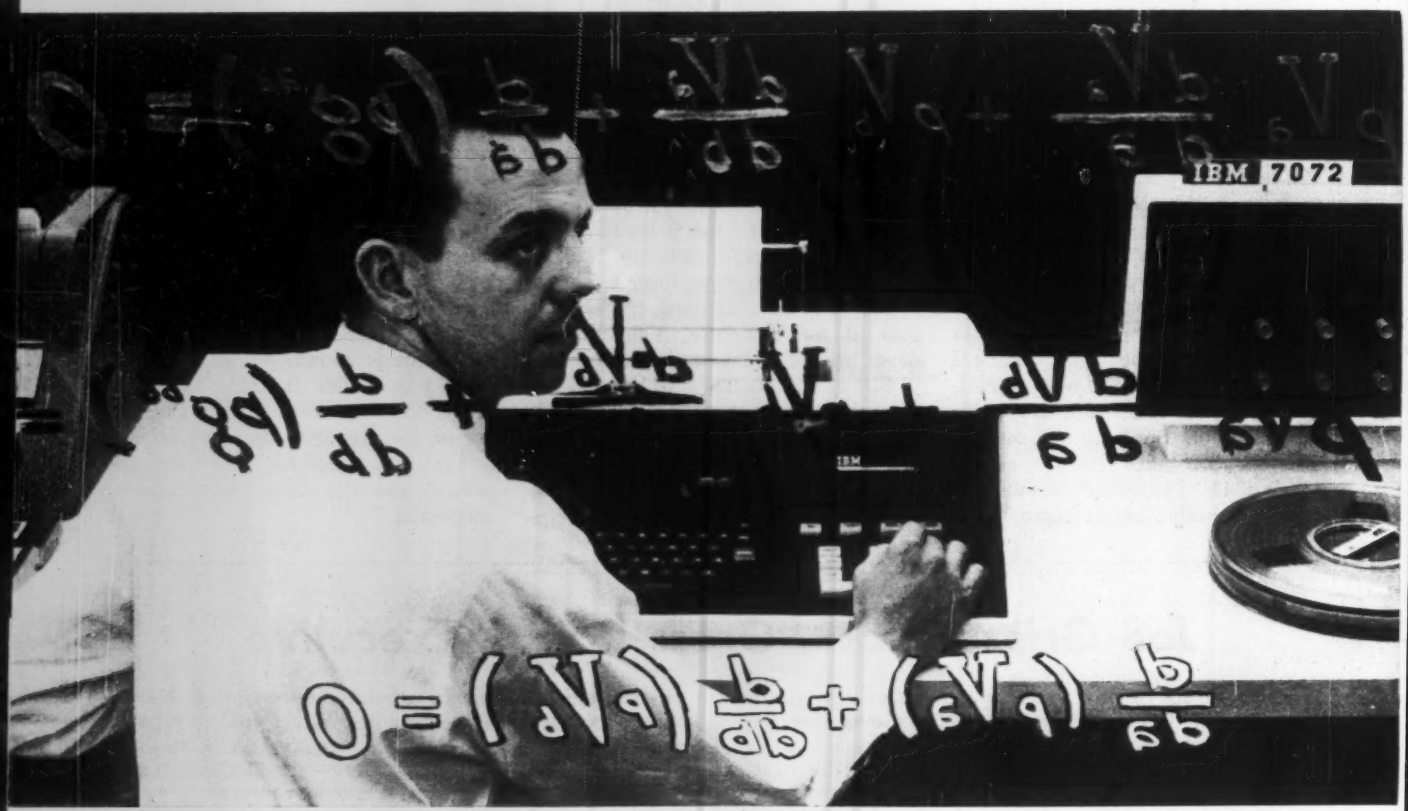

EVERY business day, a steady stream of messengers carries sealed envelopes to an office building at 6 Church Street, a quiet backwater just off New York City's hectic financial district. In a fourth floor room hardly the size of a tennis court, the messengers swap their envelopes for cartons of documents and then rush out again. That room is the headquarters of an operation that has been fascinating Wall Street for the last eighteen months.

Tamcor, Inc. and its 27 employees do not buy or sell stock, set up financing syndicates or arrange the big deals that usually set Wall Street to talking. Rather, Tamcor simply keeps the books of the four brokerage firms that own it. A routine task perhaps, but the results that such an operation can produce are anything but routine. For Tamcor stands in the forefront of the latest trend in office operations: the do-it-yourself computer center, which is bringing that wizard-like machine to companies that could never have dreamed of affording one.

Though only a handful of these centers are in operation, they already are proving that they can overcome the Dr. Jekyll-Mr. Hyde nature of the computer for many companies. The machine, of course, can take great globs of business information and in a few minutes spew out reports that formerly took days or months to compile with traditional manual systems. The cost of computers and auxiliary equipment, though, normally puts them out of reach for most companies. Hence the Tamcor solution: banding together, small companies reap all the bene-

fits of a computer with none of the usual, sky-high overhead.

These joint operations were pioneered when two brokerage houses in San Francisco joined forces in 1952 to mechanize their bookkeeping. They called their cooperative venture Accounting Associates and have since added three more partners. Their lead was quickly followed the next year by four brokerage firms in Los Angeles that set up Lasta, Inc. In 1960 four more brokerage houses combined their bookkeeping in Pittsburgh's Ibbac, Inc., and a quartet of New York firms established Tamcor. (Tamcor also handles the books of a fifth firm for a monthly fee.)

More on the way

A far more ambitious project, started with a $1-million investment and utilizing several of the most advanced electronic brains, was begun by four insurance companies in Hartford, Connecticut. For the last three years, SPAN Data Processing Center, Inc. has done a massive bookkeeping job for Springfield-Monarch Insurance Cos., Phoenix of Hartford Group and Aetna Insurance Co. The fourth founder, National of Hartford Group, quit the combination when it got large enough through mergers to run a computer center of its own.

Now another major industry group is getting ready to try joint computer operations, and it is likely to spread the idea to dozens of communities around the U.S. in the next few years. The newcomers are banks, mostly small and medium-sized ones that are being forced to keep up with the rapidly automating banking giants.

According to the Association for Bank Audit, Control and Operations, nine bank groups are known to be readying definite joint bookkeeping plans. Among them are nine Connecticut banks that should get started early in 1962, four Chicago banks now writing final plans and an organization of 22 mutual savings banks in Brooklyn that finished getting proposals from computer makers last month. Feasibility studies for joint computer installations are being pushed by bank groups in Oregon, Texas and other states.

But how does an executive know when he is ready to join such a group? Companies normally start looking to joint computer operations when their paperwork becomes a choking flood. Something furnishes the initial push by making traditional record keeping inadequate. Some companies are caught in the squeeze of office operating expenses increasing faster than profit margins. For still others it is simply a case of wanting advantages of the newest electronic techniques without tying up too much capital. Any of these forces or a combination of all three may give a company a shove toward a jointly owned computer center.

Organizations like Tamcor and SPAN are good examples of how joint operations help solve paperwork problems. Tamcor cost a modest $50,000 to set up, and its four founders—Adams & Peck, Cyrus J. Lawrence & Sons, Jas. H. Oliphant & Co. and Green, Ellis & Anderson—share equally in Tamcor stock and seats on its board. Monthly operating expenses of $26,200 are split up according to how much work each broker actually sends to the computer center.

For their money, the four partners have been able to shift most of the backbreaking load of brokerage paperwork out of their offices. Several times each day they send raw data to Tamcor, usually 1,000 to 2,000 buy and sell orders. The information is punched on IBM cards, and commissions, taxes and account names and addresses are automatically figured out by the machines, which also print up confirmation slips. Stock exchange rules require that these be sent out before the office closes each night.

In addition, each company's books are balanced every evening. All partners frequently get complete tallies of the thousands of stocks in their firms' accounts, as well as other needed reports. On the last Thursday of the month the Tamcor crew starts sending individual customer accounts through the machines—all 10,500 of them are mailed by the weekend. Tamcor, incidentally, had little trouble keeping up with the surge of business early this year that forced brokerage houses with manual systems to work around the clock and weekends.

SPAN's operation, although in a different industry and on a much grander scale, does a similarly complete job for its owner companies. Besides a capital investment that now totals some $1.3 million, the three companies sharing SPAN will pay op-

MAGNETIC tape replaces acres of file cabinets at SPAN's computer center.

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erating expenses of $1 million this year.

For this admittedly big swallow of cash, the computer installation—it includes a giant IBM 705 and a new transistorized IBM 7070—keeps track of 6.5 million policies with a face value of $300 million. Each month 2 million entries of premiums and claims are made on the records. In addition, other reports are ground out to satisfy state and insurance-rating bureau requirements as well as the needs of company management. The 42-man crew also handles additional jobs that are being put on the machines as fast as the companies learn to program them. The computers, for example, print out 40,000 Massachusetts auto policies each month.

But if the utility of computers appears obvious and cooperative setups seem like a relatively cheap way to reap their benefits, why have not more companies started up joint operations? Three factors tell why:

- Changeover costs are high and the ultimate savings often difficult to document.
- The benefits of computers have been oversold in the past, and hasty installations caused headaches for years at some companies.
- Traditionally, and just as important, executives are wary about letting books and confidential information out of their direct control.

Two-year wait

Computer installation and startup costs often run far above estimates, and specialists in the field can usually offer little more than a rule of thumb as a guide. Peat, Marwick, Mitchell & Co., a leading public accounting firm that has served as a consultant on several joint operations, tells its clients that they cannot expect to save money for the first two years of computer operation. After that, they can expect a drop of about 25% in their bookkeeping costs, even more if their business volume rises.

Tamcor, in full operation for a year and a half, claims that it does its paperwork with half the number of people that were used under the old system. But it cannot really calculate the dollars saved.

Edmund T. Fussy of Accounting Associates agrees that while nobody saves money for some time, an increase in the volume of business makes the system pay off. One of his companies doubled its trading in the

last three years while only adding $500 to its $8,000 monthly bill. One problem in evaluating brokerage operations: for all its preoccupation with money, Wall Street has never been particularly cost-accounting conscious.

Before starting SPAN, the owners calculated that in the first five years from the beginning of the planning stage in 1956, the installation would save them only $52,000 on five basic bookkeeping operations. The experience of the last year or two, though, has shown that as other jobs are added on there is a great drop in costs in some of the old departments. One company estimates it has eliminated 97 office machines and 73 operators in its tabulating office, the biggest area affected by SPAN. With overhead, this office used to cost about $525,000 a year. The company's total SPAN assessment was only $223,000 in 1960.

SPAN, as well as other joint operations that cannot prove big dollar savings so easily, are quick to stress the often intangible advantages of fewer errors, a cut in customer gripes and a flood of better and more rapidly available information to help management make decisions. Although savings do not always seem obvious, programming mishaps in past computer installations have been numerous enough to make any businessman wary. One major brokerage house, not a member of a joint operation, had major snafus in its computer operation for two years. One run of 350,000 dividend checks, for example, was sent to the post office before someone realized they had no addresses printed on them.

Just recently, an irate customer of one of the biggest houses on Wall Street ordered a stock and was then credited with buying it five times and selling it five times in the next month. At the end of the month he did not own it, although it had climbed eight points, but he had been charged a brokerage fee for each of the ten transactions.

Like uncertain costs and embarrassing errors, the fear that competitors will have access to his accounts is often enough to scare off many businessmen who consider a joint computer installation. But the companies that have set them up all claim that effective safeguards can be established. According to Ragnar Anderson, manager of SPAN: "If the center is physically removed from all members and systems are established so that each company gets only its own

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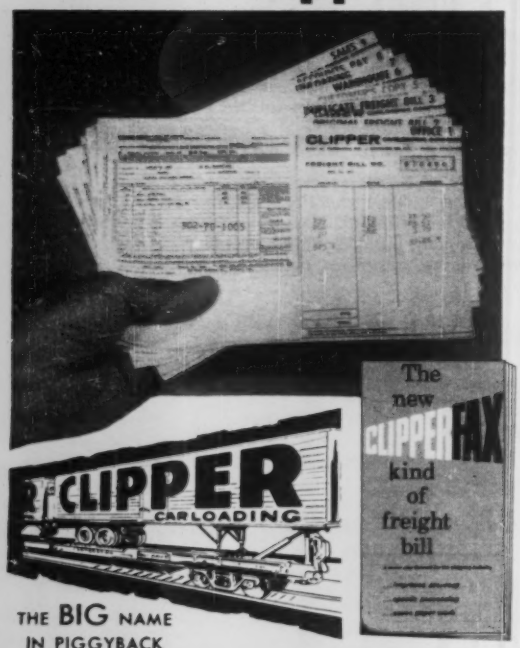

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reports, there are no problems with security." Bribing employees? "A competitor," says Anderson, "can do that in your own office."

Many companies that want the advantages of computer bookkeeping but do not want to team up with anybody, it should be noted, are getting their work done at computer centers. A growing number of these, some run by equipment manufacturers and others by separate companies, have been springing up in many cities in the last few years. The customer can either contract to have his bookkeeping done by employees of the center or simply rent time on the computer. In the latter case, the company needs a computer staff of its own to do the programming and run the machines.

Service Bureau Corp., a wholly owned subsidiary of IBM, is the biggest in the computer center field with equipment available in seventy locations. Twelve of the centers run nothing but standardized bank bookkeeping and check-processing work.

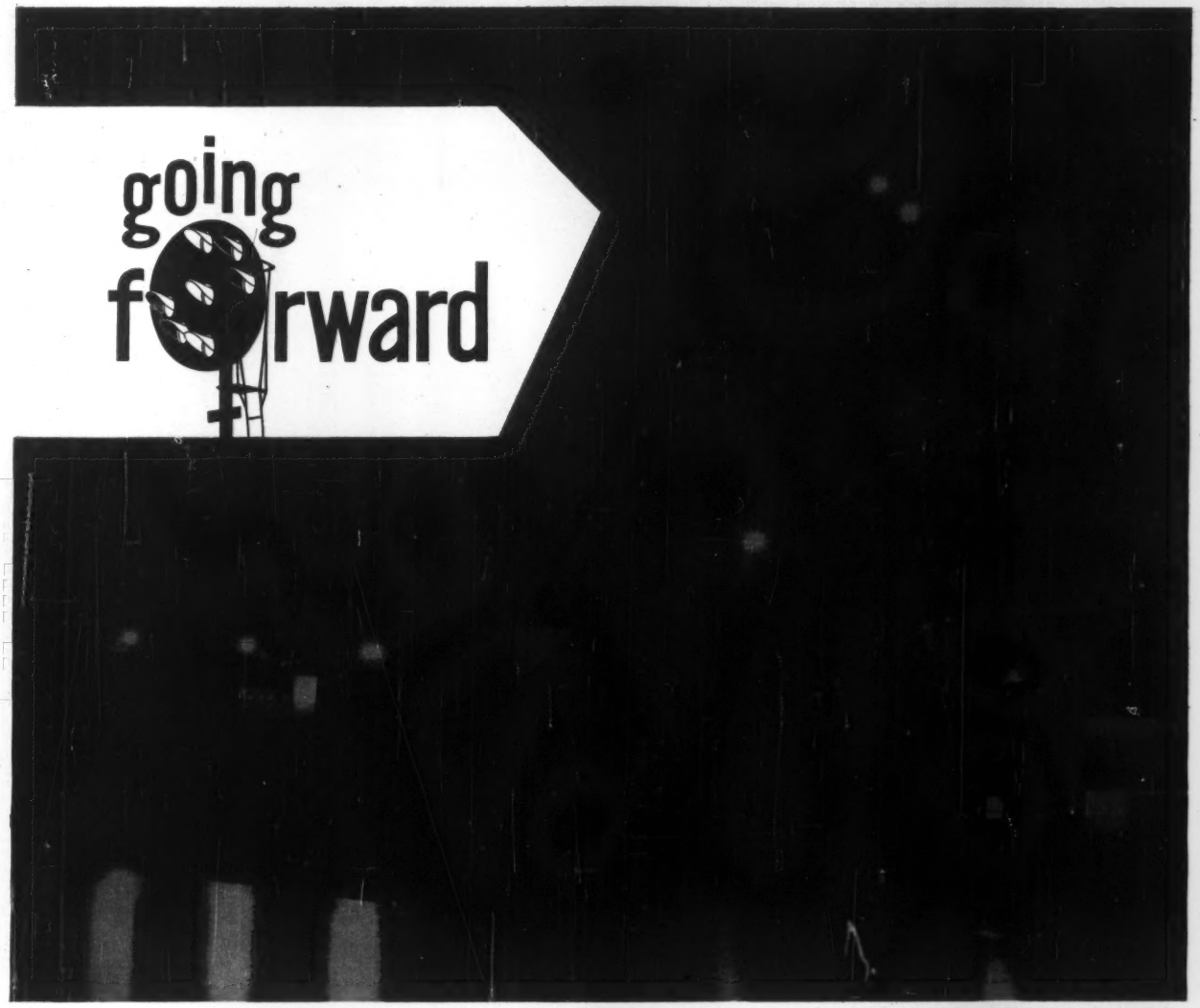
Remington Rand Univac, a division of Sperry Rand Corp., now has 37 centers and does work for 5,000 accounts each year. National Cash Register Co., General Electric Co. and Radio Corp. of America are still other equipment makers that rent time or run programs for companies too small to have their own setup or computer owners hit with peak workloads that exceed their machine's capacity.

Can the computer centers do a better job than the joint operation? Companies in jointly run operations do not think so. They like having a direct hand in how their work is done rather than being one of many customers at a center. And, since the centers are profit-making businesses, outfits like Tamcor and SPAN think the cooperatives can do the job at a lower price.

Whichever way a company tries to get the advantages of a computer, a long period of planning is needed if the machine is to do its job and not become an expensive toy. One year to eighteen months is the usual time required to get a company ready for computer bookkeeping. For if information is not funneled to the machine in the proper form and at the right time; the results are likely to be a horror of mistakes and expensive corrections.

In proof, one IBM executive points to the GIGO rule. Its message: "Garbage in, garbage out."

HERBERT E. KLEIN



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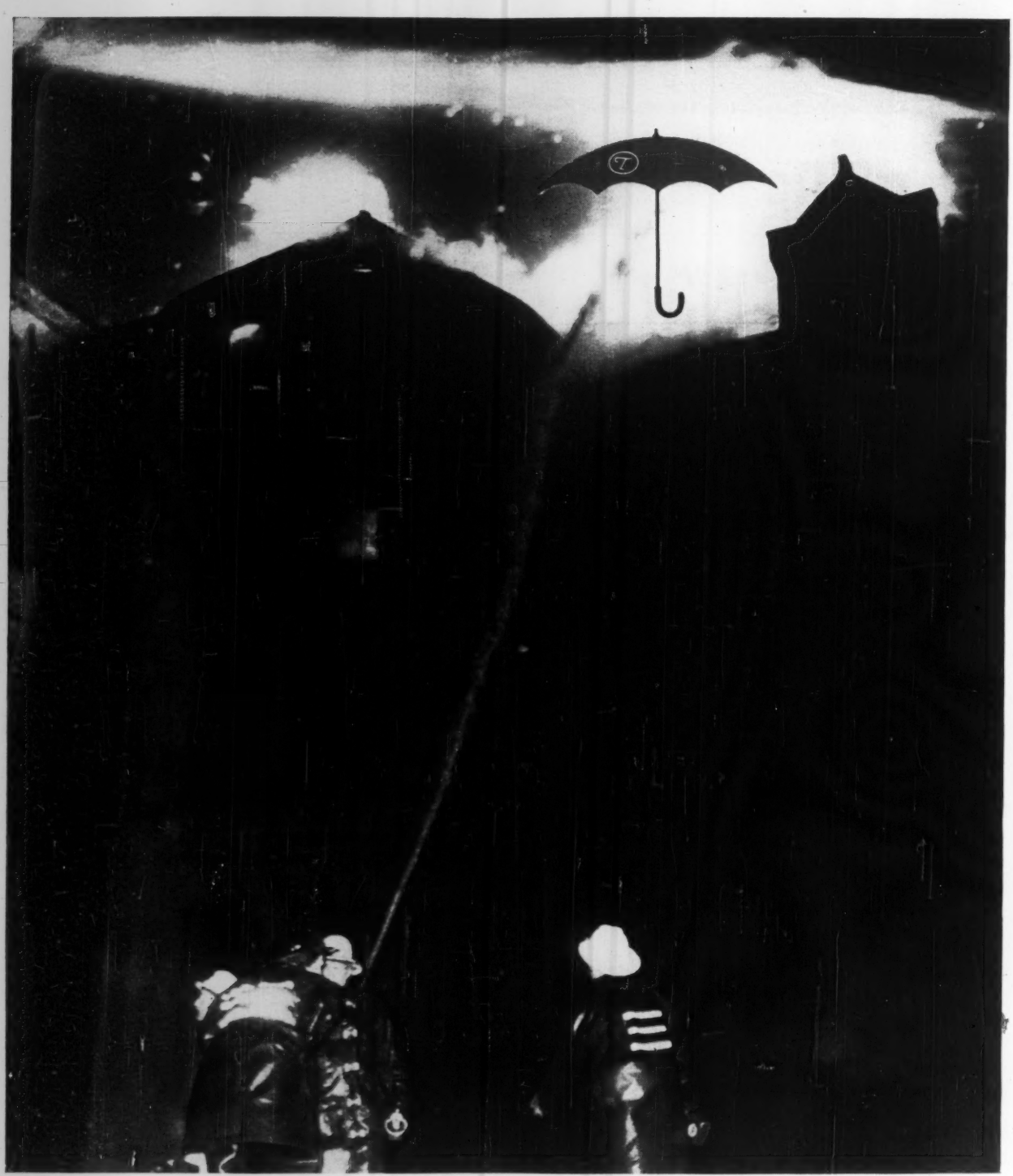

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The Riddle of Executive Training

U.S. business has put millions into executive training. Now the pressure is on to answer: "Where's the payoff?"

EXECUTIVE training, that sometimes lauded, sometimes abused and often ill-defined area of big business, is in a whole new turmoil. Managements in many industries, pressed by the continuing squeeze on profits, are running into the riddle of executive training: Just *how* do you measure its results? Executive-training directors in scores of companies are scurrying to find ways to measure them and make them clearly visible. And as a result of these pressures, many of the favorite concepts of what executive training should try to do are being tossed overboard.

The first major signs of change came last year when Bell Telephone Co. of Pennsylvania radically reduced the scope of the executive-training course that it had introduced with much fanfare seven years earlier. This program, initiated by Pennsylvania Bell and then extended to encompass executives in the whole of the huge American Telephone & Telegraph system, focused entirely on liberal arts courses. Cost control and paperflow management were tossed aside, and the Bible, Karl Marx and excursions into anthropology were made standard fare. The AT&T executives selected for the course remained on full salary while they got ten months of full-time, all-expense-paid education at the University of Pennsylvania's Institute for Humanistic Studies (set up initially with Pennsylvania Bell funds and later backed by the Ford Foundation).

Just a few months ago, General Electric suspended its somewhat similar Advanced Management Course, at which, for more than four years, some 350 executives a year had been given nine to thirteen weeks' training which emphasized corporate affairs and also covered such topics as Liberty, Values and Environment.

GE has put its Crotonville, New York executive-training campus to other uses while it decides whether to reactivate the course for men newly promoted to top management. Bell has dropped its more ambitious program but still sends a limited number of executives to Williams or Dartmouth for six- to eight-week liberal arts courses. The days when it seemed that the nation's major corporations would be educating their top men in anything from art appreciation to zoology may be fading out fast.

In their place has sprung up a rapidly increasing emphasis on more practical courses for executive training. But many of these are for industry's new select group—the top engineers and scientists who are moving out of the industrial laboratories and into the ranks of corporate management. Plenty of these new men move into management jobs with only the haziest ideas of even the simpler functions of management, such as cost control or merit rating. They have to learn what they need to know about these functions while on the job. But increasingly, their companies are giving them courses in the more sophisticated functions of management.

Radio Corp. of America's RCA Laboratories division has set up one of the most thoroughgoing of these courses. Groups of its project managers and laboratory managers go through a course that costs the company $10,000 a week.

For a solid week, men in each of these groups play the roles of the president and vice presidents of the mythical company, Research & Development, Inc. They are faced with all the problems of top management, hurled at them by a group of management consultants who force them to deal with such situations as canceled contracts, slipping sales, threatening customers, menacing directors, disaffected staff and even hysterical secretaries.

Childish play? Not at all, RCA Labs believes. And as each group of higher-management men passes through the course, RCA Labs reaches down toward the lower ranks of management for participants.

A "monumental indifference"

These exercises in simulation may be sophisticated, but they are a far cry from months' long sessions of education in the humanities. Indeed, according to one leading scholar in the field of executive training, those company-paid programs of academic education for management are slipping fast.

"I have noticed a monumental indifference to them," says George S. Odiorne, director of the University of Michigan's Bureau of Industrial Relations. "They are the most depression-sensitive forms of executive training because they show no immediate application. They're like the study of the love life of the elephant—an academic exercise, but of what real value to the company?"

This is the basic question that underlies the current turmoil in executive training. How can management judge the value and the payoff of the courses it gives its executives? Some executives believe there is an even more basic question: Do these courses pay off at all? The skeptics point not only to the drastic reduction of AT&T's liberal arts program but also to the bald admission of AT&T Board Chairman Frederick R. Kappel: "I never took part in any management-training course."

In good times, managements have not been too greatly bothered by the fact that they rarely get the answer to that question. But in times of profit squeeze they are much more ready to demand an answer.

When corporate training is working at its lowest levels (teaching shorthand and typing to stenographers) or at its middle level (teaching accounting techniques to group managers), it is easy for it to show results, and to show them rapidly. The problems begin, as many companies have found, when training reaches the higher rungs of management.

Just a year ago, Sun Chemical Corp. launched a series of courses for its supervisors. The four chief areas of the courses: leadership, communications, decision making and cost reduction. Subjects like these verge on the truly nebulous fields of executive training. Sun's personnel director William Machaver measured results by charting the effect of the course on employee turnover, absenteeism and productivity. And now he proudly points to such results as: turnover slashed by 20% at one plant, absenteeism down 15% at another and productivity up noticeably at a third plant.

But the higher up the corporate scale it reaches, the more difficult it becomes to show proof of the results of executive training—let alone measure its payoff in dollars and cents.

Some experts in executive training claim that no such measurements should be attempted, that it is illogical even to think of finding a yardstick to measure results. Among these is former management consultant Philip R. Kelly, now personnel development

TOP EXECUTIVES spill out of classrooms at General Electric's Crotonville, New York campus after a day of training. Though it has suspended its Advanced Management Course, GE may reactivate it briefly for new executives.

and training manager at the Port of New York Authority. "Seeking a yardstick just isn't sophisticated," he insists. "Can you measure the value of a college education? Only in the broadest terms. And the same goes for executive training."

Many others in the field do not go as far as Kelly. One is Robert L. Craig, the soft-spoken editor of the Journal of the American Society of Training Directors. "There is definite pressure now for means of evaluating executive training courses," says Craig. "Managements are making many of their training directors quite aware of the importance of measuring the value and the results of these courses."

University of Michigan's Odiorne makes the point: "Management looks at executive training as an investment. It is, in management's mind, akin to an investment in research and development. A payoff is expected. And it's expected in four or five years—not in 25 years."

Measuring the effectiveness of an executive-training course is clearly a very difficult thing, says Odiorne. "Many training directors," he adds, "hope as avidly as they can to avoid having to develop yardsticks."

But Odiorne, though he is a specialist in the field and a critic of some of its other specialists, admits: "No one in this whole area is doing a good job in evaluating results these days. Most managements still are buying executive training on faith."

Editor Craig has one down-to-earth suggestion for measuring executive training's effectiveness. First, he says, objectives must be set up and they must be precise and specific. "When a course is designed to improve leadership, the training director must define what he means by leadership. And in almost every situation, 'leadership' will have a different meaning. It will differ not only from company to company but from department to department inside the same company. Once the objectives have been set," Craig continues, "some correlation can be made between the course itself and the performance of the men who have been through it."

This may be the very point that lies behind what Odiorne calls the "monumental indifference" to liberal arts courses for executives. As one executive-training specialist puts it: "In these courses, there are no clear goals. In fact there's a paternalistic—and necessarily false—idea behind them. These days almost all men in the middle ranks of management of big companies have had at least a few years of college education. Won't the man who's worth having all the company time, effort and money spent on him for these liberal arts courses be precisely the type of man who will develop these qualities in himself?"

When there is disagreement in such an imprecise field not only over how to measure results but even over whether anyone should try to measure them, the inevitable result is a gaping hole through which the charlatans rush. And there are plenty of these in executive training.

They are not, by and large, in the ranks of corporate training directors —after all, a true charlatan looks for the quick killing that cannot come in a salaried job. But they abound in the business of providing seminars for management men on such topics as communications, personnel relations, marketing, executive decision making and so on.

How to make a killing

There is, for instance the case of one New York advertising man who, sensing lucrative possibilities in training, rented an elegant New York hotel suite, offered a week-long course in "sensitivity"—and netted $3,000. Hurriedly reinvesting in management gullibility, he launched a second course, this time on operations research, and doubled his take in a fast five days.

Odiorne puts the problem mellifluously when he says: "There are many entertainers in this field. But this shouldn't be taken as a blanket indictment."

Indeed, many of the new approaches in executive training may look like the gimmicks of charlatans when they are first introduced. One of the latest tangents in top-executive training now is the so-called T-Group. (The "T" stands simply for "training").

A T-Group consists of a group of men seated around a table, with no agenda, no leader, no specific problems to solve. Their function is to spar verbally back and forth until a leader emerges, pushing himself above the rest of the group by sheer force of personality. When conducted at its best, a trained psychologist watches the performance, eggs on the quiet participants, tries to trim down the boisterous ones and explains to all of them the pressures they are exerting

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on one another. Today, the T-Group fad has gained enough cachet to be included among the programs of the most respected centers of executive training.

The lesson is, of course, that by no means every sponsor of a new seminar or training idea is a fraud. It is also that in executive training, "charlatan" is a subjective classification, depending entirely on the viewpoint of the man who is paying the bills. If he does not like the tone of the course, then it can hardly be worthwhile for him.

While the corporate training directors have been put under increasing pressure to prove their worth, it is a fact that the organizers of seminars have been getting constantly larger enrollments at their meetings. The reason for this, in the view of some executive-training specialists, is not that all these seminars offer much new enlightenment. Partly, it is for the more mundane reason that they offer management men a meeting ground at which to make contacts.

"I don't come to these shows to hear the speeches," the president of one research company says. "They are a bore. But we are always looking out for bright young men, and these are places where you can find a dozen of them all in one room."

The reason for prosperity

Such are the conflicting pressures that are producing the turmoil in executive training. They seem to be leading in two different directions. As business relies more and more on the bright young mathematician, the salesman with a new flair and the executive with a marketing drive, the seminars that are ostensibly a part of executive training will probably prosper. But they may prosper primarily because they provide a ground for making contacts.

It is the training directors in charge of corporate programs who are in for a harder time. As Craig and Odiorne say, they are having to face up to the problem of finding some means to measure the worth of what they produce. Finding these means is the great riddle of executive training. What the training directors do to solve it will be a vital matter to many of them in the next few years. As one of them puts it: "I have some pretty grim days when management asks me, 'What's the payoff?' "

JACK J. FRIEDMAN

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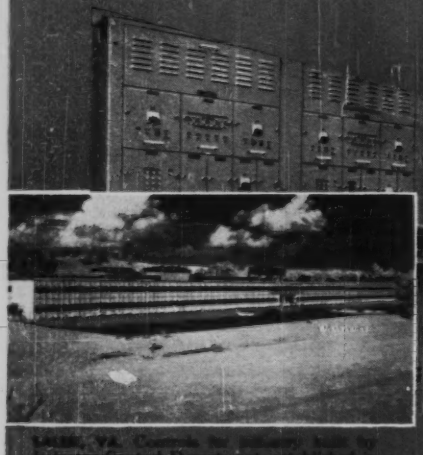

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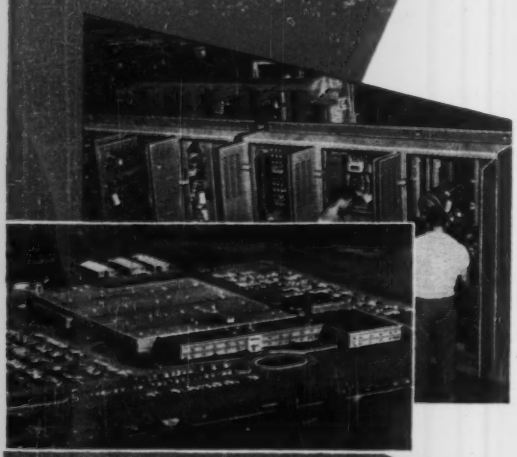
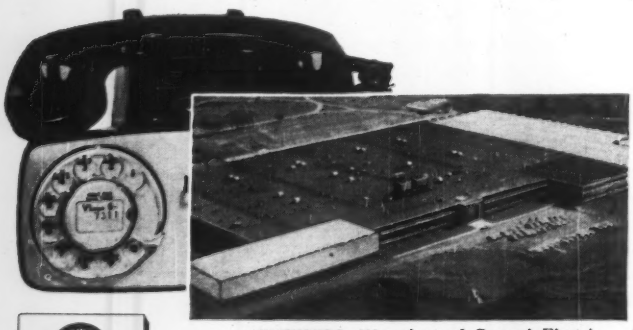


WAYNESBORO, VA. Established in 1944. The Specialty Control Department manufactures such products as program controls, aircraft electrical control systems, switching devices, voltage regulators and other industrial electronics applications.



LYNCHBURG, VA. plant of General Electric which houses the headquarters of Communication Products Department and part of Rectifier Components Department. Latest additions (in white) will provide additional space for engineering and production facilities. Products manufactured include electronic components and communications equipment, such as the mobile telephone shown.

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14 Important Ratios in 36 Manufacturing Lines

EARLY this year one small manufacturer tried to shrug off the rough spots of 1960's recession year with "1960 is water over the dam, and there's no use crying over spilled milk." He can be pardoned for mixing his metaphors, for 1960 did have its awkward moments for many businessmen.

In the aggregate, corporate profits after taxes last year were only 4.5% below those of the boom year of 1959. But the aggregate results held small comfort for plenty of individual manufacturers. The fact is that in 24 of the 36 industries covered in this DUN & BRADSTREET survey, median net profits on net sales for 1960 fell below the preceding year's. Net profits on tangible net worth dropped in 25 of the 36 industries.

Some were much more painfully hurt than others. And the hardest hit were cotton goods converters, manufacturers of dresses, packers of meat and provisions and manufacturers of knitted outerwear. Their margins of profits to sales at the median level sagged below 1%. Foundries, furniture makers and lumber and hosiery producers also had sharp setbacks. In these and twelve other manufacturing lines, net profits on net sales sank to between 1% and 2%.

Return on capital (the ratio of net profits after taxes to tangible net worth) ranged from meager to sparse for many manufacturers. In 18 of the 36 lines, the median for this ratio was less than 6%. For 10 other lines, it stood between 6% and 8%. In 6 other industries it ranged between 8% and 10%. Only in drugs and electrical parts and supplies did manufacturers push the median figure above the 10% level.

There is, however, a sharply etched contrast between these median or "average" results and the performance of companies in the upper quartiles. In all but 3 of the 36 industries, the upper quartiles' profits to sales ratios were better than 3%. In 25 industries net profits on net sales exceeded 3%, and in 17 of these 25 lines the margin rose above 4%.

Return on capital rose to more than 10% for companies in the upper quartiles in 23 of the 36 industries. It is to these companies that the nation looks not only for business leadership, but for the mundane wherewithal to pay taxes and provide for industrial growth.

Debt ratios in some industries were becoming a cause for concern in 1960. Among makers of airplane parts and accessories and manufacturers of women's coats and suits, as well as in building construction, cotton converting and dress manufacturing, the median ratio of current assets to current debt was less than 2-to-1. The median relationship of total debt to tangible net worth was larger than 100% in each of these industries. Indeed, in several instances that ratio stood above the 130% mark.

The year 1960 lies quietly in its place of final rest; it has been replaced by a year in which businessmen who refused to shed any tears over "spilled milk" went ahead in a determined effort to do better.

What is more, the profit figures for the third and fourth quarters indicate that their resolutions are being fulfilled. It will be interesting, therefore, to compare ratios for 1961 with those of 1960. In these there may be answers to the important question: Will the relatively low showings that have prevailed in many industries since the middle 1950s continue their downhill trend?

—RICHARD SANZO

How do the Ratios Work?

For all his business skill, many an executive is untrained in statistics. How, then, can he use the Fourteen Important Ratios to find out how his firm's financial performance compares to the competition? Actually, the ratios are easy enough to apply. To understand their use, though, the executive must first understand the meaning of three key terms: *median, upper quartile* and *lower quartile.*

In the ratio tables on the following two pages, three figures appear under each ratio heading for each manufacturing line. The center figure, in bold type, is the *median;* above and below it, respectively, appear the *upper* and *lower quartiles.* Simply put, here is how they are calculated:

First, year-end financial statements from concerns covered by the survey are analyzed by DUN & BRADSTREET statisticians, who calculate each ratio individually for each concern in the sample.

The individual ratio figures, entered on data-processing cards and segregated by line of business, are then arranged in order of magnitude—the best ratio figure at the top, the weakest at the bottom. The figure which falls just in the middle of this series becomes the *median* for that ratio in that line of business. The figure halfway between the median and the highest term of the series is the *upper quartile;* the term halfway between the median and the bottom of the series is the *lower quartile.*

In a strictly statistical sense, then, each median is the *typical ratio figure* for all the concerns studied in a given manufacturing line. The upper and lower quartiles, in turn, typify the experience of the firms in the top half and the bottom half of the sample, respectively.

For definitions of other terms used in the ratios, turn to page 57.

Line of Business (number of concerns reporting shown in parentheses)	Current assets to current debt	Net profits on net sales	Net profits on tangible net worth	Net profits on net working capital	Net sales to tangible net worth	Net sales to net working capital	Collection period	Net sales to inventory	Fixed assets to tangible net worth	Current debt to tangible net worth	Total debt to tangible net worth	Inventory to net working capital	Current debt to inventory	Funded debts to net working capital
	Times	Per cent	Per cent	Per cent	Times	Times	Days	Times	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
FOR 36 MANUFACTURING LINES—1960 MEDIANS AND QUARTILES														
Airplane Parts and Accessories (40)	3.51	4.03	11.79	26.60	4.64	13.66	30	9.3	40.7	27.0	46.2	63.8	62.8	14.2
	1.84	**1.72**	**5.45**	**8.61**	**3.17**	**5.27**	**51**	**4.6**	**53.4**	**58.5**	**102.4**	**100.7**	**104.5**	**34.5**
	1.36	0.60†	1.92†	3.22†	2.06	3.17	65	3.6	72.4	111.4	146.2	167.3	147.9	57.5
Automobile Parts and Accessories (71)	4.15	3.96	8.34	15.49	3.19	5.04	25	7.2	27.1	16.7	31.3	55.6	49.7	21.9
	3.02	**2.51**	**5.16**	**9.02**	**2.26**	**4.09**	**34**	**5.8**	**38.3**	**24.4**	**69.5**	**74.4**	**64.3**	**37.0**
	2.19	0.69	1.88	4.91	1.79	2.49	45	3.8	55.9	51.4	87.5	99.2	92.7	61.9
Bedsprings and Mattresses (61)	5.45	2.37	7.65	12.56	5.17	8.03	23	11.6	15.5	14.2	33.9	45.0	45.9	8.5
	3.34	**1.53**	**4.42**	**6.78**	**2.85**	**6.32**	**32**	**8.7**	**25.7**	**25.0**	**70.3**	**63.1**	**69.6**	**30.2**
	1.94	0.13	1.08	1.06	2.49	4.56	64	6.0	43.3	55.1	155.9	90.3	128.9	78.3
Bolts, Screws, Nuts and Nails (59)	4.75	4.56	11.88	25.68	4.13	13.76	21	12.1	37.1	13.5	33.2	52.9	42.0	14.8
	3.16	**2.41**	**7.86**	**12.93**	**2.88**	**5.01**	**28**	**6.6**	**49.6**	**27.5**	**54.8**	**74.2**	**76.2**	**35.7**
	1.72	0.72	1.28	4.82	1.83	1.66	37	4.4	68.7	47.7	102.5	98.3	155.9	123.0
Breweries (37)	3.85	5.07	13.87	46.68	3.58	14.74	8	25.1	53.6	11.3	32.3	37.3	95.0	43.9
	2.38	**3.74**	**7.44**	**27.19**	**2.41**	**9.13**	**15**	**17.2**	**67.3**	**25.1**	**47.1**	**53.1**	**117.8**	**63.6**
	1.62	0.20	0.91	2.25	1.95	6.22	28	11.9	92.5	36.6	90.0	93.0	211.9	128.5
Chemicals, Industrial (68)	3.89	5.80	11.92	29.68	3.29	6.34	33	8.3	31.1	18.2	45.0	45.3	61.3	25.5
	3.00	**3.60**	**9.74**	**17.04**	**2.18**	**4.09**	**40**	**6.1**	**53.4**	**29.0**	**59.5**	**65.7**	**93.0**	**52.8**
	1.98	1.64	3.06	3.69	1.41	2.68	46	4.6	79.5	43.8	84.1	95.3	141.9	93.2
Coats and Suits, Men's and Boys' (193)	3.17	2.45	9.37	9.75	5.98	6.65	28	7.8	2.3	38.7	72.7	52.4	60.1	6.6
	2.28	**1.05**	**5.35**	**5.90**	**4.50**	**5.13**	**55**	**5.9**	**6.5**	**67.3**	**107.6**	**85.9**	**93.6**	**20.2**
	1.76	0.57	2.36	2.99	2.71	3.07	81	3.6	14.6	107.8	176.9	124.5	131.7	39.3
Coats and Suits, Women's (80)	2.85	2.45	17.18	23.91	12.15	14.38	15	21.7	3.4	52.0	64.6	41.6	92.7	11.3
	1.82	**1.13**	**8.98**	**9.50**	**8.29**	**9.33**	**33**	**11.3**	**6.0**	**94.5**	**147.1**	**84.1**	**155.1**	**41.1**
	1.46	0.16	1.32	2.47	5.02	7.30	56	3.6	13.6	148.0	353.1	113.5	236.8	100.6
Confectionery (40)	3.48	3.09	11.49	19.06	4.86	9.93	8	21.1	31.0	20.3	26.9	50.6	61.6	7.2
	2.64	**2.00**	**7.77**	**11.44**	**3.36**	**6.75**	**21**	**8.1**	**40.5**	**27.3**	**40.0**	**64.6**	**100.8**	**35.0**
	1.98	0.96	3.36	5.20	2.27	4.63	40	6.3	64.5	39.5	58.2	87.0	142.4	57.7
Contractors, Building Construction (171)	2.78	2.48	15.49	30.58	13.77	22.87	*	*	8.8	37.5	54.5	*	*	6.0
	1.74	**1.14**	**9.11**	**14.55**	**7.09**	**10.45**	*	*	**18.4**	**76.6**	**131.7**	*	*	**24.3**
	1.33	0.52	2.04	3.97	3.95	6.37	*	*	35.1	167.5	241.8	*	*	59.5
Contractors, Electrical (57)	4.61	3.17	8.80	10.44	4.84	8.39	*	*	6.2	21.7	21.7	*	*	3.2
	2.57	**1.86**	**5.77**	**8.13**	**3.61**	**4.04**	*	*	**11.2**	**44.7**	**65.2**	*	*	**9.3**
	1.84	0.35	1.76	2.11	2.68	3.17	*	*	23.8	81.2	193.3	*	*	73.6
Cotton Cloth Mills (47)	5.99	4.62	9.52	26.51	2.38	5.92	15	6.8	33.6	9.8	13.2	63.6	29.7	6.4
	3.88	**3.62**	**7.70**	**15.22**	**1.74**	**4.71**	**36**	**5.9**	**47.5**	**15.4**	**30.1**	**76.1**	**48.9**	**22.8**
	2.40	2.56	4.48	9.56	1.48	2.70	45	4.1	61.4	29.1	65.7	101.1	76.4	38.9
Cotton Goods, Converters, Non-Factored (38)	4.00	1.21	8.12	10.52	10.95	12.50	40	13.9	0.5	30.6	93.0	66.0	51.7	8.5
	1.99	**0.53**	**3.59**	**4.13**	**6.74**	**7.37**	**44**	**13.6**	**2.0**	**94.2**	**127.3**	**95.0**	**100.8**	**24.7**
	1.62	0.06	0.38	0.45	2.96	2.43	86	2.5	4.1	125.5	128.4	115.6	147.5	71.0
Dresses, Rayon, Silk, and Acetate (85)	2.25	1.17	9.72	12.86	17.61	19.86	25	26.8	4.7	68.8	106.0	35.5	152.6	19.7
	1.70	**0.41**	**4.20**	**5.75**	**10.24**	**15.51**	**33**	**16.1**	**9.1**	**102.7**	**133.5**	**79.9**	**215.5**	**30.2**
	1.44	0.10	0.87	1.06	6.76	9.18	44	13.3	14.7	179.5	202.6	112.1	284.6	60.3
Drugs (41)	4.65	12.93	21.20	41.03	3.00	4.97	38	7.1	15.2	17.6	33.4	42.4	61.2	10.2
	3.04	**8.62**	**14.92**	**22.76**	**1.90**	**3.33**	**45**	**5.6**	**42.4**	**24.9**	**49.7**	**62.0**	**87.2**	**24.7**
	2.24	3.73	7.82	11.33	1.28	2.34	60	4.6	52.5	36.6	81.8	85.6	115.5	36.9
Electrical Parts and Supplies (96)	4.19	5.84	16.17	25.22	3.16	5.05	35	6.4	25.6	19.4	37.0	50.0	48.8	11.0
	3.03	**3.84**	**10.54**	**16.27**	**2.29**	**3.77**	**46**	**5.0**	**37.1**	**29.8**	**66.2**	**76.4**	**71.0**	**24.1**
	2.01	1.57	3.31	5.11	1.83	3.03	55	4.0	53.6	50.8	112.1	104.5	113.1	51.7
Foundries (107)	4.57	3.50	8.27	17.39	3.00	7.50	26	13.3	37.6	13.5	24.9	28.0	59.5	12.4
	3.34	**1.86**	**3.61**	**8.58**	**2.40**	**4.91**	**32**	**8.3**	**47.7**	**20.5**	**47.6**	**50.7**	**86.4**	**28.8**
	2.51	0.43	0.84	1.35	1.87	3.83	43	5.7	64.6	28.2	78.4	72.5	151.0	68.6
Furniture (134)	5.51	3.68	11.99	17.11	4.38	7.29	31	10.1	18.5	15.5	40.2	49.6	40.9	11.9
	3.00	**1.92**	**4.91**	**9.03**	**2.70**	**4.20**	**43**	**5.3**	**34.5**	**28.9**	**63.0**	**70.0**	**70.6**	**23.9**
	1.84	0.18†	0.64†	1.02†	1.95	3.08	56	3.9	52.0	64.6	129.4	113.9	103.2	42.7
Hardware and Tools (102)	5.66	5.55	10.15	17.51	3.19	6.60	29	8.4	24.0	13.5	33.8	55.5	31.1	13.4
	3.85	**2.73**	**5.84**	**11.03**	**2.29**	**3.83**	**34**	**5.0**	**35.6**	**23.8**	**52.9**	**75.8**	**51.4**	**34.2**
	2.45	0.92	2.31	3.37	1.80	2.65	54	3.4	50.4	36.5	[illegible]	93.6	96.6	63.3
Hosiery (72)	4.92	2.79	7.07	15.90	3.87	9.49	24	9.5	31.5	13.7	39.8	61.8	39.1	14.9
	2.66	**1.46**	**4.25**	**8.01**	**2.18**	**5.62**	**34**	**5.7**	**51.7**	**23.9**	**60.2**	**88.7**	**59.1**	**44.5**
	1.92	0.22	0.83	1.78	1.75	3.15	45	3.9	67.8	56.7	106.8	117.9	123.7	74.6
Lumber (78)	6.65	6.36	9.80	29.43	2.78	7.27	17	6.7	27.3	8.0	29.9	46.0	37.9	28.6
	3.29	**2.57**	**5.10**	**12.80**	**1.60**	**3.26**	**30**	**5.1**	**47.3**	**17.1**	**64.9**	**80.4**	**57.6**	**57.8**
	2.10	0.58	2.46	3.23	0.84	2.55	39	3.2	63.7	40.2	87.5	120.9	94.8	91.7
Machine Shops (141)	4.88	5.23	11.35	24.97	2.93	7.82	25	19.3	32.1	15.0	33.4	25.5	51.0	8.8
	3.06	**3.03**	**7.21**	**14.21**	**2.25**	**4.89**	**38**	**8.9**	**46.8**	**24.1**	**49.3**	**56.9**	**85.4**	**33.9**
	1.97	1.26	2.29	3.71	1.54	3.10	50	4.0	67.5	40.5	80.0	86.7	157.9	65.4
Machinery, Industrial (396)	5.17	6.31	12.43	20.32	2.75	4.40	35	6.5	24.3	16.0	34.4	49.8	40.1	11.1
	3.47	**3.45**	**7.22**	**11.55**	**2.01**	**3.16**	**48**	**4.5**	**35.8**	**26.6**	**51.2**	**69.8**	**60.7**	**24.4**
	2.38	1.20	2.31	3.84	1.55	2.35	62	3.2	49.3	45.5	81.7	92.0	95.4	48.6

†Loss. *Building and construction contractors, and electrical contractors have no inventories in the credit sense of the term. Building and construction contractors carry only materials such as lumber, bricks, tile, cement, structural steel, and building equipment to complete particular jobs on which they are working. Electrical contractors carry electrical equipment and supplies to complete particular jobs on which they are working. Concerns operating in these lines generally have no customary selling terms, each contract being a special job for which individual terms are arranged.

Line of Business (number of concerns reporting shown in parentheses)	Current assets to current debt	Net profits on net sales	Net profits on tangible net worth	Net profits on net working capital	Net sales to tangible net worth	Net sales to net working capital	Collection period	Net sales to inventory	Fixed assets to tangible net worth	Current debt to tangible net worth	Total debt to tangible net worth	Inventory to net working capital	Current debt to inventory	Funded debts to net working capital
	Times	Per cent	Per cent	Per cent	Times	Times	Days	Times	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
Meats and Provisions, Packers (73)	3.73	1.87	10.46	27.34	9.26	27.60	10	35.1	45.3	18.3	37.3	49.9	55.3	24.6
	2.14	**0.77**	**7.03**	**14.40**	**6.82**	**14.98**	**12**	**24.2**	**61.9**	**32.1**	**67.0**	**70.7**	**105.6**	**55.6**
	1.57	0.37	2.39	5.73	4.85	10.63	16	16.3	71.9	65.5	103.4	103.7	199.2	76.4
Metal Stampings (95)	5.22	3.27	8.13	16.61	3.41	7.94	24	11.0	30.5	13.6	25.3	41.6	42.1	11.9
	3.62	**1.88**	**5.37**	**8.34**	**2.22**	**3.97**	**33**	**6.8**	**44.0**	**22.0**	**52.7**	**65.2**	**74.3**	**37.3**
	2.13	0.47	0.99	2.09	1.76	2.87	44	4.5	64.9	42.6	112.4	93.2	129.0	77.7
Outerwear, Knitted (70)	3.93	2.73	15.52	24.82	6.33	8.94	14	15.6	3.9	24.7	66.6	45.0	57.0	8.6
	2.33	**0.84**	**4.69**	**9.71**	**5.33**	**7.13**	**20**	**7.7**	**17.9**	**45.9**	**84.9**	**71.8**	**90.8**	**26.8**
	1.80	0.10	0.29	0.51	3.26	5.18	43	4.7	33.7	87.2	131.1	121.1	131.1	36.3
Overalls and Work Clothing (58)	5.00	2.12	7.44	11.23	5.59	7.73	24	5.9	10.1	20.5	50.3	69.7	31.6	13.1
	3.20	**1.08**	**5.18**	**6.05**	**4.18**	**5.12**	**34**	**4.2**	**14.3**	**34.7**	**86.3**	**91.4**	**48.5**	**27.7**
	2.12	0.03	0.13	0.24	3.16	3.12	50	3.4	24.7	71.8	110.8	127.0	94.0	52.9
Paints, Varnishes and Lacquers (139)	5.27	4.24	13.08	22,90	3.61	7.82	31	10.8	20.7	16.2	32.9	45.5	42.0	10.4
	3.33	**2.99**	**9.20**	**13.74**	**2.80**	**5.14**	**38**	**8.3**	**32.3**	**26.2**	**47.6**	**65.9**	**71.2**	**19.7**
	2.32	0.52	1.55	4.38	2.23	3.79	49	5.9	46.8	44.3	86.8	86.3	97.4	45.2
Paper (65)	3.71	7.43	10.77	32.38	1.93	5.36	25	8.8	58.3	12.3	32.8	46.1	58.9	39.1
	2.81	**5.08**	**7.99**	**24.96**	**1.54**	**4.82**	**33**	**7.1**	**71.0**	**16.8**	**43.8**	**64.8**	**81.8**	**67.2**
	2.29	3.89	5.93	16.15	1.21	3.44	38	5.8	92.6	20.3	59.6	83.7	107.5	127.9
Paper Boxes (62)	4.53	4.75	11.79	36.77	2.71	9.10	22	10.0	36.8	12.1	45.9	52.8	43.0	35.1
	2.96	**3.11**	**7.42**	**20.79**	**2.06**	**5.15**	**32**	**8.8**	**46.4**	**36.4**	**66.3**	**78.9**	**64.2**	**75.5**
	1.80	0.69	1.82	5.36	1.72	3.11	43	7.4	76.5	45.2	85.4	115.4	100.1	133.7
Petroleum, Integrated Corporations (36)	2.78	10.11	11.93	57.72	1.58	8.18	40	10.5	60.5	16.7	32.3	54.2	86.0	25.7
	2.11	**6.50**	**9.13**	**31.56**	**1.23**	**5.98**	**45**	**8.8**	**81.2**	**20.7**	**49.6**	**74.3**	**138.6**	**94.1**
	1.69	3.54	6.82	17.34	1.11	4.42	57	7.2	113.6	37.2	73.6	90.0	165.4	201.4
Printers, Job (70)	3.22	4.53	10.65	31.04	3.50	8.58	30	**	41.6	21.6	40.9	**	**	18.9
	2.45	**1.97**	**6.58**	**12.68**	**2.61**	**6.52**	**41**	**	**53.3**	**32.4**	**65.1**	**	**	**41.7**
	1.65	0.68	2.03	3.66	1.71	3.38	56	**	74.7	49.1	88.8	**	**	84.0
Shirts, Underwear and Pajamas, Men's (55)	2.82	4.14	12.14	15.79	6.39	8.15	24	7.5	2.6	47.4	72.7	76.9	57.3	3.6
	2.11	**1.50**	**8.15**	**10.06**	**4.08**	**5.93**	**45**	**3.8**	**5.7**	**77.8**	**100.9**	**116.3**	**80.1**	**13.7**
	1.66	0.53	2.59	2.99	3.22	3.70	74	3.3	14.0	110.1	129.7	182.2	112.5	26.6
Shoes, Men's, Women's and Children's (108)	3.65	3.44	10.74	11.29	4.63	5.23	28	7.9	12.3	31.9	53.1	59.9	53.3	9.5
	2.57	**1.64**	**5.40**	**5.88**	**3.19**	**3.60**	**53**	**4.8**	**19.4**	**49.7**	**77.5**	**79.7**	**76.8**	**17.1**
	1.90	0.41	1.89	1.96	2.66	2.83	59	3.6	28.6	84.8	115.9	107.7	114.4	30.6
Steel, Structural Fabricators (Sell on Short Terms) (101)	5.22	2.40	8.34	16.11	4.54	7.99	34	9.3	22.2	16.1	48.8	46.2	46.1	8.3
	3.01	**1.51**	**5.11**	**8.96**	**3.14**	**6.20**	**44**	**7.3**	**33.2**	**30.1**	**65.4**	**71.6**	**74.1**	**23.2**
	1.98	0.60	2.02	2.93	2.47	3.90	60	5.1	43.4	63.1	112.6	91.7	135.3	50.2
Stoves, Ranges, and Ovens (51)	6.71	3.36	10.16	12.48	3.63	4.94	43	6.4	17.3	14.4	39.5	52.5	32.6	12.0
	3.39	**1.62**	**5.06**	**6.01**	**2.75**	**3.90**	**50**	**4.8**	**27.5**	**26.9**	**69.1**	**66.9**	**50.3**	**22.0**
	2.40	0.36	1.68	2.60	2.14	2.89	69	4.0	38.6	40.1	101.7	96.0	74.8	41.0

**Job printers have no inventories in the credit sense of the term. They carry only current supplies such as paper, ink, binding materials, and lead for type-casting.

Definitions of Terms

Collection Period—The number of days that the total of trade accounts and notes receivable (including assigned accounts and discounted notes, if any), less reserves for bad debts, represents when compared with the annual net credit sales. Formula—divide the annual net credit sales by 365 days to obtain the average credit sales per day. Then divide the total of accounts and notes receivable (plus any discounted notes receivable) by the average credit sales per day to obtain the average collection period.

Current Assets—Total of cash, accounts and notes receivable for the sales of merchandise in regular trade quarters, less any reserves for bad debts, advances on merchandise, inventory less any reserves, listed securities when not in excess of market, state and municipal bonds not in excess of market, and United States Government securities.

Current Debt—Total of all liabilities due within one year from statement date, including current payments on serial notes, mortgages, debentures, or other funded debts. This item also includes current reserves such as gross reserves for Federal income and excess profit taxes, reserves for contingencies set up for specific purposes, but does not include reserves for depreciation.

Fixed Assets—The sum of the cost value of land and the depreciated book values of buildings, leasehold improvements, fixtures, furniture, machinery, tools, and equipment.

Funded Debt—Mortgages, bonds, debentures, gold notes, serial notes, or other obligations with maturity of more than one year from the statement date.

Inventory—The sum of raw material, material in process, and finished merchandise. It does not include supplies.

Net Profits—Profit after full depreciation on buildings, machinery, equipment, furniture, and other assets of a fixed nature; after reserves for Federal income and excess profit taxes; after reduction in the value of inventory to cost or market, whichever is lower; after charge-offs for bad debts; after miscellaneous reserves and adjustments; but before dividends or withdrawals.

Net Sales—The dollar volume of business transacted for 365 days net after deductions for returns, allowances, and discounts from gross sales.

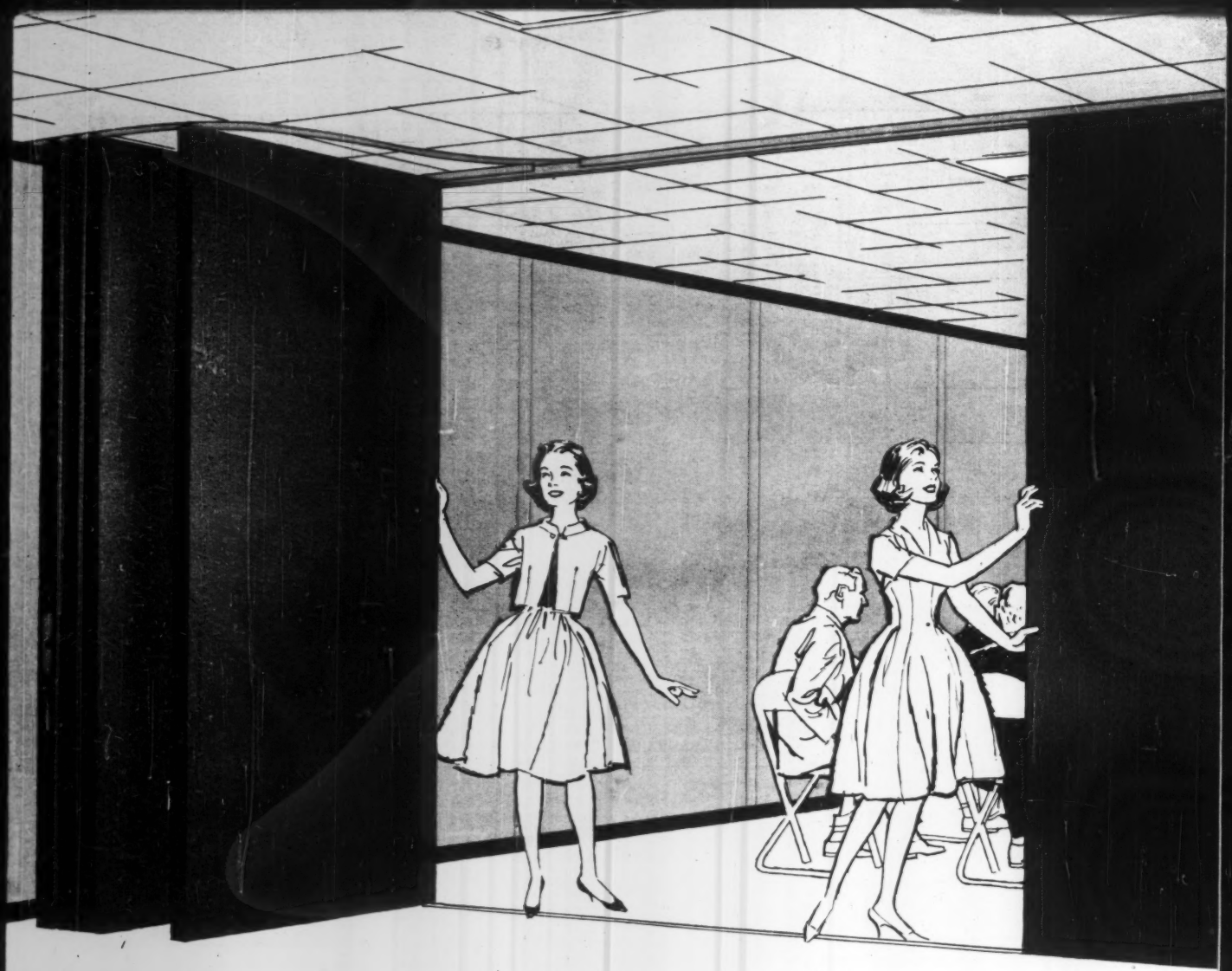
Net Sales to Inventory—The quotient obtained by dividing the annual net sales by the statement inventory. This quotient does not represent the actual physical turnover, which would be determined by reducing the annual net sales to the cost of goods sold and then dividing the resulting figure by the statement inventory.

Net Working Capital—The excess of the current assets over the current debt.

Tangible Net Worth—The sum of all outstanding preferred or preference stocks (if any) and outstanding common stocks, surplus, and undivided profits, less any intangible items in the assets, such as goodwill, trademarks, patents, copyrights, leaseholds, mailing list, treasury stock, organization expenses, and underwriting discounts and expenses.

Turnover of Tangible Net Worth—The quotient obtained by dividing annual net sales by tangible net worth.

Turnover of Net Working Capital—The quotient obtained by dividing annual net sales by net working capital.



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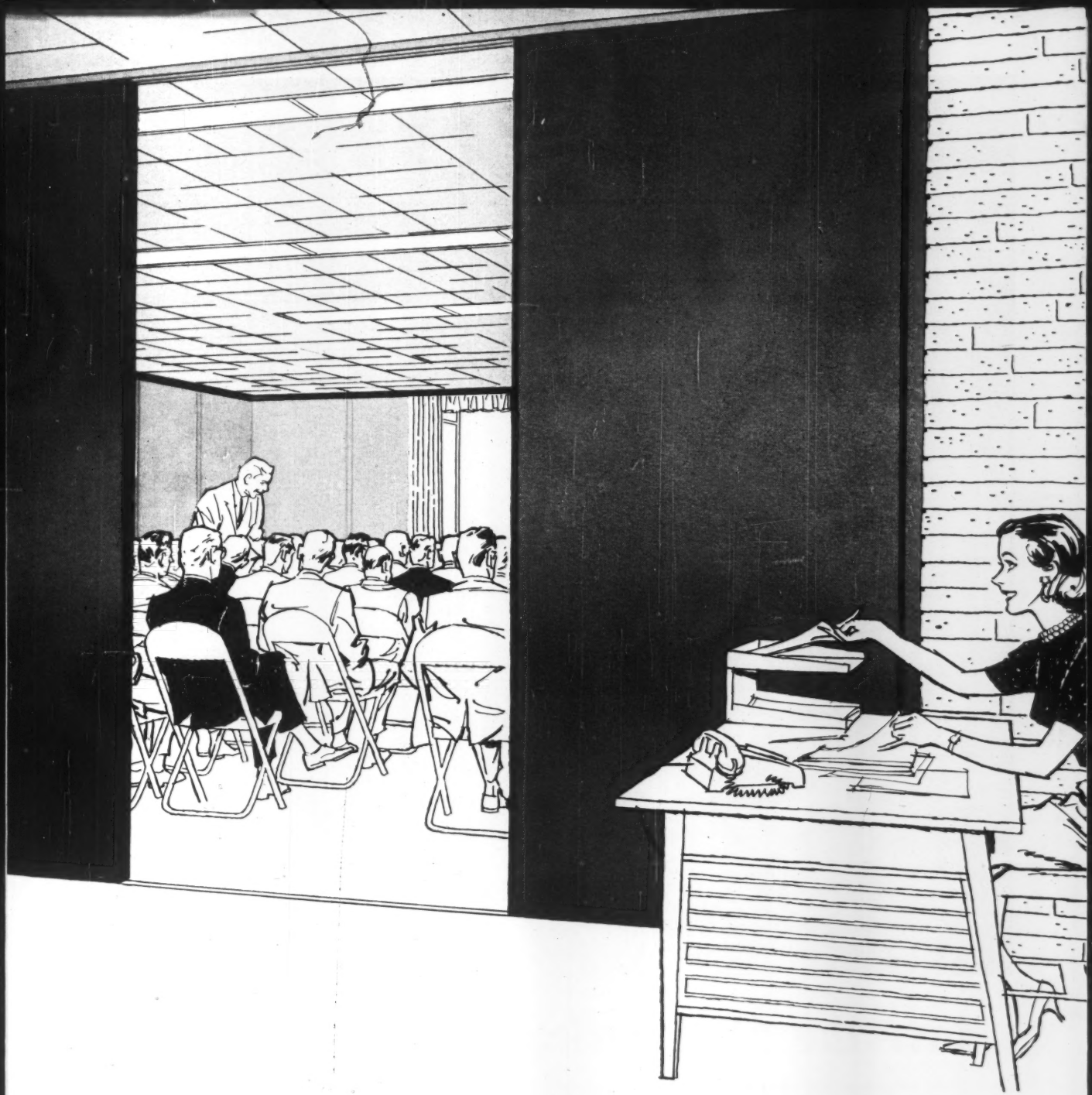

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√ *Year-end tips for stockholders*

√ *Maneuverability in tax payments*

ALONG with Christmas parties and the first blizzards, one of the more established end-of-the-year traditions is the spate of tax selling in the stock market. Most investors, of course, know all the rules of such selling, thanks to the educational efforts of the brokerage houses who overlook no source of trading volume. With stocks at an all-time high at the beginning of the year and off sharply in the final months, many executives already have set off their gains with more than enough losses.

Yet what should the more fortunate executive—who has already taken more profits than losses—do if his market judgment tells him that yet another stock in which he has a profit should be sold right away?

Fortunately, there are at least two escape routes that will enable him to defer the profit until he makes out next year's income tax return.

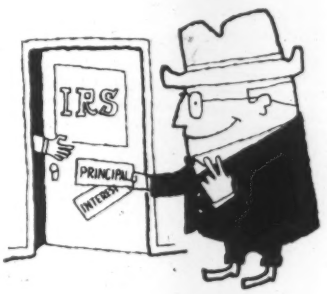
The first is to go short on the security, postponing the actual market transaction until sometime next year. That way, the comparatively minor brokerage commission on the short sale protects him against any future drop in the price of the stock. For the points he loses on the shares he holds will be made up by those on which he has gone short.

The second way costs slightly more. The executive must buy a "put"—that is, he must take an option to sell the stock some months from now at roughly its current market price. For the average-priced stock, this move may cost him anywhere from $137.50 to $500 per 100 shares. If he buys the put, though, the executive has the added advantage of postponing his decision to sell. So if it turns out that he judged wrong and the stock goes up in price, he can simply let the put lapse and keep his stock.

Even the cost of the put can be pared down. If it is exercised, it may be offset against any capital gain or added to a loss. If it lapses, it counts as a capital loss.

• • •

Through no fault of his own, a businessman often finds either himself or his company owing a hefty sum in back taxes to the Government, due to, say, a miscalculation in making out the tax form, an unallowed deduction and similar happenings.



It may seem small comfort, but if you are in that situation, you do have an inch or two of room left for maneuver. In fact, you may be needlessly adding to the penalty. For you can decide just what part of your payments goes toward reducing the principal and what part pays the interest that the Government always demands.

How does this help an harassed taxpayer? Very simple. It can make a difference to your current tax bill, for as every taxpayer knows, the Internal Revenue Service holds that interest payments are deductible. If you allocate, say, $1,000 of your payment to interest, you may add that $1,000 to the deductions on your current tax return.

If, however, you are thinking ahead, you may conclude that your best course would be to allocate the entire payment toward reducing the amount of the principal. Such a payment, of course, cannot be deducted, but the reduction in future interest charges may cut your total bill in the long run.

Whatever your particular tax position dictates, make up your mind *before* you mail your check. If Internal Revenue receives no instructions from you, it is free to split your payment any way it sees fit.

• • •

It's never too early to prepare for the heavy cost of sending your child through college. Indeed, many parents take out an endowment policy the minute a child is born in order to finance its education. But even such foresighted parents often make one mistake: they take the policy out on the child's life, feeling that the cost that way will be far lower than buying insurance for, say, a 35-year-old father.

As the insurance experts point out, however, that way could be extremely costly for the family in the long run. Look at it this way: if the policy is on the child's life—with a payor benefit clause—the insurance company would waive the remaining payments if the father should die or be disabled before the policy fell due. The benefits in the insurance, however, would become available to the family only on the final date.

If the policy is bought on the father, though, the insurance company would still waive remaining payments if the father should die and pay the full sum on the final date. The big difference, however, is that the money would immediately be available to the widow if she suddenly became destitute or faced a financial emergency. And when the breadwinner is gone, many a family which seemingly was well provided for has needed cash on the barrelhead right away. END

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Inside Industry

Two new technologies produce a fresh revolution in electronics and turn the market upside down.

A NEW revolution—with all the attendant turmoil in the market—is on the way for the electronics industry. Only a couple of years ago the electronics business was spun upside down when the transistor started shoving aside the vacuum tube. Now a flood of new devices, seemingly yanked little-tested from the laboratory table, will be pushed on the market years before even the most optimistic researchers expected. These new products do not merely replace present electronic devices—they herald a whole new technology that will reshape much of the industry.

Most of the excitement is concentrated in two major research areas, molectronics and the already well-publicized "thin film." Using these techniques, a handful of companies has already come out with such devices as:

- A digital computer as big as a king-sized cigarette box that does the work of a machine 150 times bigger and 48 times heavier.
- A thumbnail-sized, one-piece circuit that replaces conventional ones made with up to 50 components.
- Computer memory units, 1/500th the thickness of this paper, that operate in billionths of a second—ten times as fast as those in use today.

Both molectronics and thin-film circuits attempt to do away with the traditional electronic concept of circuits made up of parts or components. And both are based in large measure on the research into solid-state physics that produced transistors and related devices.

In molectronics, a small piece of semiconductor material such as silicon is processed so that it serves the purpose of a whole electrical circuit. The processed piece of silicon is analogous to an electric clock that operates without any works.

Thin films are produced by depositing a few millionths of an inch of material such as iron, nickel or cobalt on a thin glass plate or other insulating surface. By arranging the film in one or another complicated pattern and varying the materials used, the unit serves the purpose of a whole electronic circuit, such as a radio amplifier.

These radically new techniques in electronics production are arriving on the scene at a time when the industry is struggling through a squeeze in prices of transistors and diodes and a consequent harsh pinch on profits. The dogfight to keep up with competition has forced greater and greater research spending.

A squeeze like this would push some industries into attempts to solve existing market problems before jumping into new ones. But electronics companies fear that in a market as volatile as theirs, the company that plays it safe might suddenly find itself permanently out of the running.

This is why almost every major electronics maker is plunging into the new technology of molectronics or thin films. Most, to hedge their bets, are tackling both at once. And yet they admit there is not likely to be a profit in either for years.

Texas Instruments, for one, is solidly in the new business now. Last month it unveiled its cigarette-box-size, 10-ounce computer. This near-miracle of miniaturization has been built simply for dramatic effect; Texas Instruments does not expect the computer itself will find any market. But it does illustrate how the first six of the company's new solid circuits can be used.

Each circuit is made of a piece of silicon the size of a split pea. But it does the job of nine resistors, eight capacitors, six transistors and six diodes. By changing the position of the tiny input and output wires connected to the silicon, the function of the circuit is changed.

This month Westinghouse Electric Corp. plans to deliver to the Air Force a radio receiver made with solid circuits. The company has already developed some twenty functional electronic blocks, plans to introduce several to limited markets next year.

Motorola's semiconductor products division, says a Motorola executive, will soon have molectronic circuits as well as thin film and other new electronic devices on the commercial market. One of its plans is to make new circuits that can be used to replace sets of components in existing equipment —so that it will not have to wait for the development of the market in new equipment designed specifically to use molectronic devices. Vice President L. C. Hogan thinks Motorola will soon be able to fill orders for up to 50,000 units of the new devices.

President Robert Noyce of Fairchild Semiconductor Corp. says production of his micrologic elements—a molectronic device for use in computers—will hit 10,000 a month in January. Right now they cost $120 each in sample lots and about $72 each in quantities over 1,000. But the company optimistically estimates volume will rise enough in the next year or so to bring the cost down to $10.

Thin film, like molectronics, seems to be finding most initial uses in computers. Lear, Inc., has already made small quantities of analog and digital computer elements for several companies. So far, it has not been able to fabricate diodes and transistors on its thin film plates. But like other companies in the field, it expects a breakthrough in this area soon. David W. Moore, manager of the company's solid-state physics laboratory, says he can deliver thin film units, to replace up to 50-component circuits, in four to five weeks. A dozen cost $1,500 to

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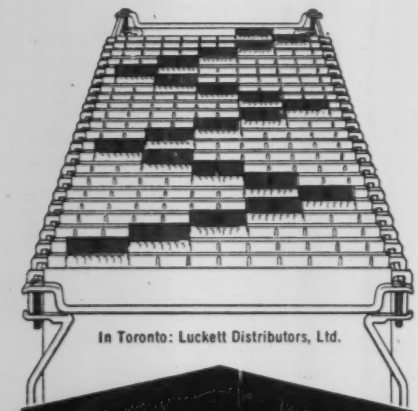

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$2,000 but this should drop to about $500 by early next year. By the middle of 1962, Lear will be delivering thin film signal amplifiers for use in its automatic pilot.

Probably the first company to have a thin film device on the market was Burroughs Corp. which introduced its BIPCO memory planes early this year. These are made, as are all thin-film units, by vaporizing a coating material in a vacuum. As the vapor rises, it hits and sticks to a mask-covered plate, called a substrate, that is made of glass or other insulating material. When the mask is stripped away the vapor deposit, although only a few molecules thick, is ready to do all the work of a conventional circuit. BIPCO memory units cost $175 and hold 160 "bits" of information. Burroughs expects to increase this capacity ten-fold soon, with little increase in price.

The two biggest companies in the computer field are both gearing up for large-scale use of thin films before getting molectronics and other techniques out of their laboratories. Sperry Rand's Remington Rand division has already announced that it will have a magnetic thin-film unit as part of the memory core of its new Univac 1107 computer, due out next April. It claims that this part of the memory circuit will operate four times faster than any memories now sold.

IBM seems to be putting a lot of effort in the computer field of cryogenic thin films. Cryogenics, the study of how materials and reactions are affected by extremely low temperatures, holds all kinds of promises in this new facet of electronics. The magnetic and electrical properties of thin film assemblies that are held in liquid helium or some other super cooled liquids are altered, and the tiny solid circuits gain extremely fast switching speeds from these changes. General Electric and other major producers, as well as IBM, are investigating this field.

Outside its computer work, IBM is also developing a wide range of techniques for producing thin film cheaply. Working under a Navy contract, it is trying to build a continuous automatic production process for making many types of thin film devices. Ultimately, these individual subassemblies would be stacked one atop the other to produce, for example, a whole radio transmitter that is only a few thousandths of an inch thick.

Thin film and molectronic equipment should gain rapid acceptance in industry as the production problems are licked and prices drop. For besides the obvious advantages of low weight, small size and high speed operation, they are much more reliable than most current electronic equipment.

But their biggest impact will be on the electronics industry itself. For one thing, the traditional separation between component makers and circuit producers will break down fast. Circuit manufacturers will no longer have to buy components. To parry this threat, component makers like Transitron Electronics Corp. and International Resistance Co. are planning to make the circuits themselves. That would put them into more direct competition with many of their present customers.

Unexpected competition

The circuit makers, however, do not expect to scoop up all the gravy. For their biggest customers, the giant aircraft and defense contractors, are preparing to use the new technology to produce their own circuits. Companies like Lockheed Aircraft Corp., Hughes Aircraft Co. and Philco Corp. (soon to be merged with Ford Motor Corp.) all have some or all of the new techniques in the advanced development stage.

Many executives are privately afraid that when molectronics and thin films are finally pulling in quantity orders in two or three years, competition will push prices down so far and so fast that many of the apparent research winners will be marketing losers. This was the sad lesson for many companies that rushed into the transistor market.

Some executives see an increasing trend toward mergers on the pattern of Raytheon Co. which recently bought up the transistor business of the Columbia Broadcasting System and Rheem Manufacturing Co. (In the bargain, Raytheon also acquired a number of going research projects that may help it gain a foothold in the new markets.) Other companies may well avoid direct marketing problems by licensing the processes they develop to equipment makers. One company that is already preparing to sell thin-film circuits of its own is even considering renting its new production machinery to companies that want the do-it-yourself approach.

—H.E.K.

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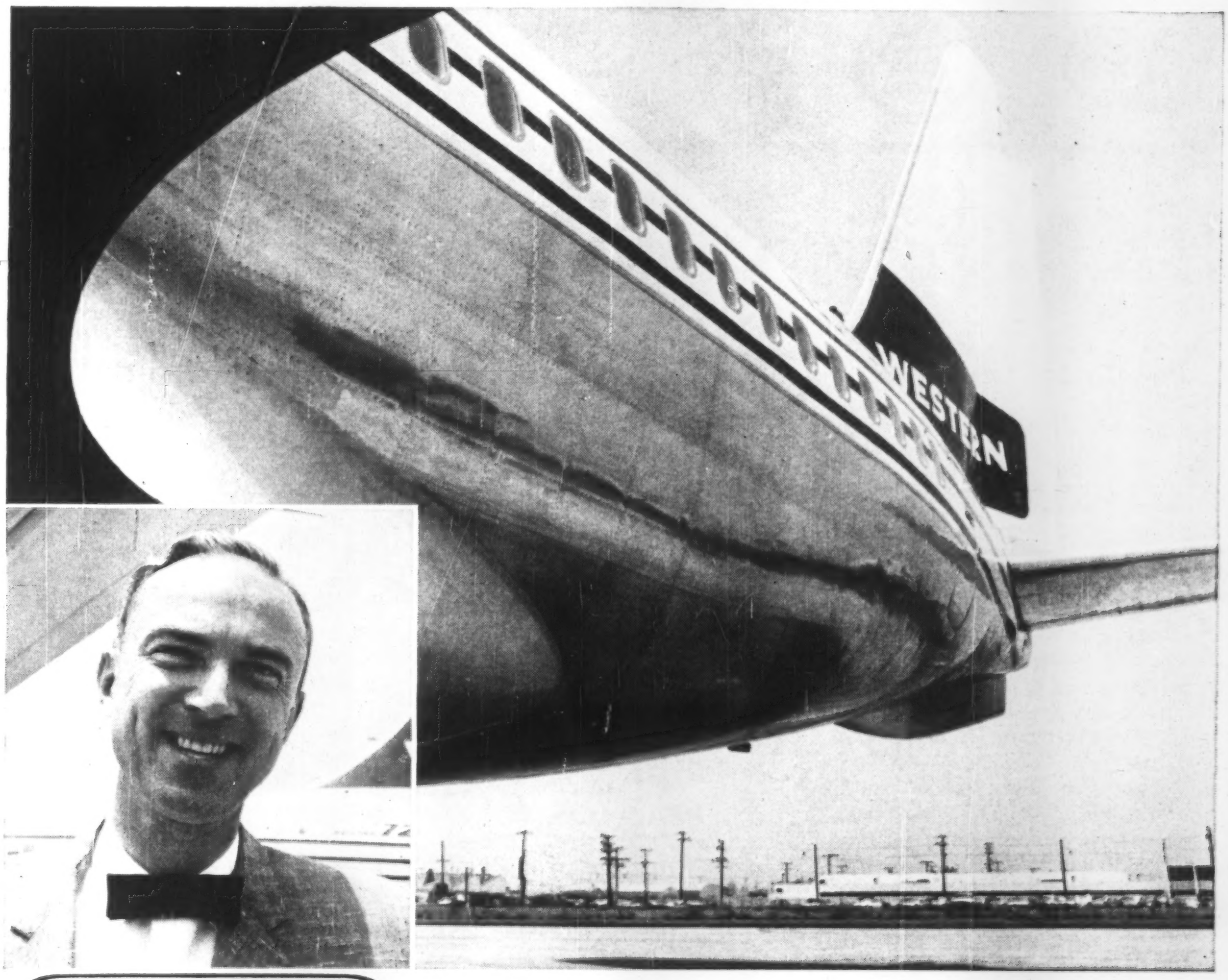

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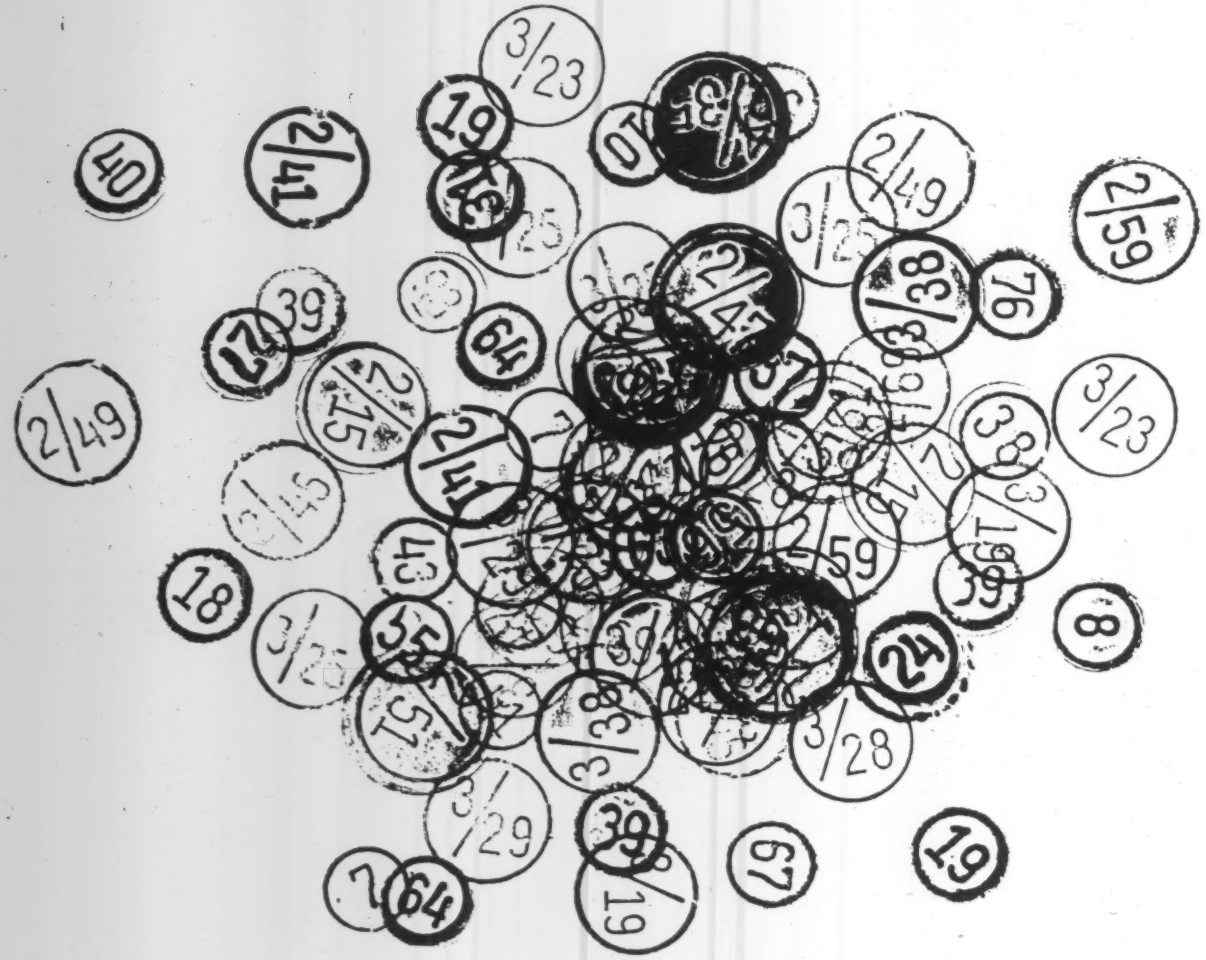

What would you charge for a new metal that's three times stronger than carbon steel? United States Steel developed just such a metal, "T-1" Steel, and though it's three times stronger, it costs only about 2½ times more. So, designers can frequently use one ton of "T-1" to do the work of three tons of carbon steel—*at less cost.* For example, on California's new Carquinez Strait Bridge, "T-1" saved $800,000 in the total cost of steel.

Is United States Steel reducing its own potential income with this new steel that performs better at less cost? No, because the money saved by "T-1" in one application will be invested elsewhere—in another new bridge, in more machinery, in more farm equipment—continuing the growth of America's economy. This is why United States Steel believes that the *value* of a material is determined by its performance . . . and why the development of stronger, better performing steels is essential to the growth of a stronger America. *America grows with steel.*

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Sales & Distribution

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- *Promoting fallout shelters*
- *Ads and results*

THE steel industry, as every businessman knows, has its problems—and they have been mounting steadily for the last half-dozen years. They run the gamut of wage costs, prices, profits and investment. But behind them all, one small steelman figures, lies one essential problem: marketing.

So says President Fred J. Robbins of Bliss & Laughlin Inc., a specialty steel producer. For seventy years Bliss & Laughlin has been making cold-finished steel bars, a product that turns up in hundreds of different applications from automobile axles to mechanical gears and drive shafts—and even in the steel shanks of women's spike-heeled shoes.

In Robbins' view, the steel industry's problems are as pressing for medium-sized companies like his own as for large ones; size brings no difference, he maintains. And behind that similarity of need lies one inescapable fact. "Steel," he says, "is simply no longer the nation's basic industry.

"It used to be basic," Robbins continues. "Even a decade ago the steelmen, with some justification, could figure that steel production would rise just as fast as the population increased. But that kind of reasoning doesn't—or shouldn't—apply now."

The market for steel has changed drastically in dozens of different areas. Robbins cites just one example from his own company's records: "Ten years ago a washing machine took about 14 pounds of our cold-finished bars. Today it takes about 3 pounds. Where did the rest go? Partly to other metals, partly to plastics, partly to the compactness of the new machines. In line after line of machinery the same thing has happened."

Surviving in such changed conditions, says Robbins, demands that steelmen devise a new marketing approach. "We've all been oriented to production," he says, "and now we desperately need a marketing approach to the steel business."

To this end Robbins has been busily revamping his company. As he puts it: "The old steel salesman's approach was a self-centered one. He was, in effect, saying to his customers: 'What are you going to do for me?' We have had to erase that and replace it with the only approach that fits the market today: 'What can we do for you?' "

This meant new services, including a rapid expansion of Bliss & Laughlin's technical services for its customers and a speed-up in its system of handling customers' complaints. It also called for new products to meet the needs of its customers for higher-grade steel, and two of these new products are on the way to the market now.

To back up services and products, a new line of advertising was needed. "Our old ads had a weak institutional line," says Robbins. "Now they feature our products. You can hardly expect to market the products you have without this approach. And in case our prospective clients miss the ads, we send out thousands of reprints by direct mail."

The step to direct mail naturally meant that Bliss & Laughlin had to know to whom it was selling. It did know that some 30% of its production was sold to steel warehouse operators, about 22% to automobile and auto parts makers and the remainder to a wide variety of industries from farm equipment makers to machine tool builders.

But until lately, B&L had no idea which officials in its customers' companies actually made purchasing decisions. A survey by a Chicago market research agency cleared that up. In the steel warehouse companies, top executives made the decision. In some farm and construction equipment companies, purchasing agents decided, but in others it was left to the chiefs of engineering departments. In auto companies, the purchasing men decided.

Says Robbins: "All this makes for a complex advertising program. But it has certainly taught us that we can't just fire off our advertising broadside.

"The purchasing man—especially in the auto companies—is keenest for your product if you offer him a chance to go to his boss and say he has found a new way to save money. But you can't expect to appeal to engineers in just that way; they're more interested in precise specifications. And top executives are interested in dozens of factors—costs, quality and so on."

Robbins began revamping things at B&L almost as soon as he took over its presidency a year ago. Thus, concrete results of the changes he has made are still few. The company's earnings—along with those of almost all other steel producers—have sagged in the last year. But B&L's share of the market—against the competition of such powerful opponents as Republic Steel and Jones & Laughlin—has already climbed from a little less than 18% to not quite 19% of the market. "Next year," says Robbins, "we'll really begin to see some results."

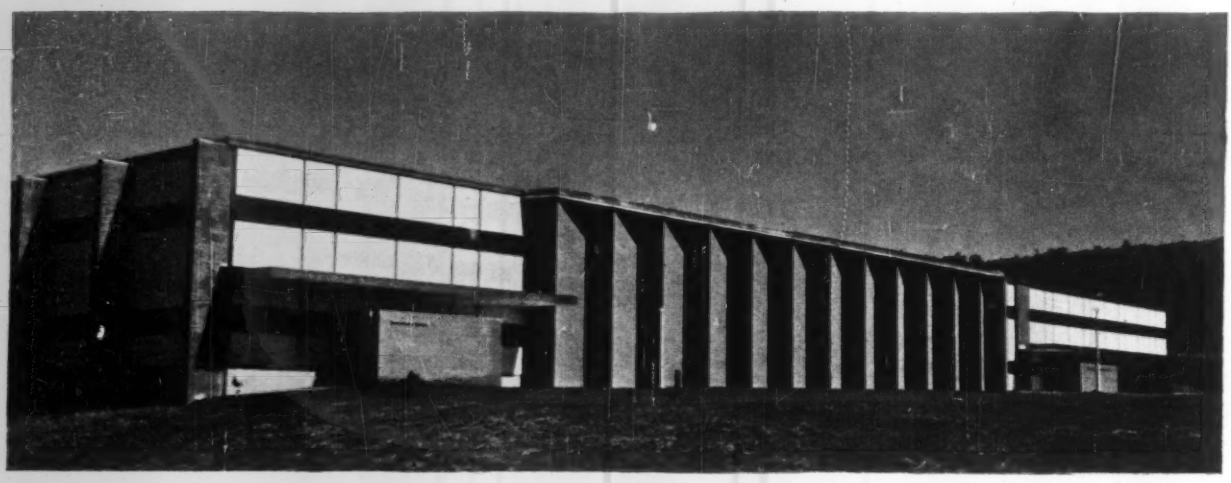
So far, it all seems to prove that right through heavy industry there is spreading the realization that a repetition of the good old days of 1955 is not just around the corner, and any company that does not adapt to the change will have a hard struggle to keep alive.

Eye on the Fallout

The Federal Trade Commission is keeping a sharp watch on the nation's newest mushrooming business—fallout shelters. All over the country builders and promoters are getting

"In Wilkes-Barre, we found above-average productivity and intelligence in our work force, a congenial civic atmosphere and added stature,"

SAYS ALAN M. GLOVER, VICE PRESIDENT AND GENERAL MANAGER, SEMICONDUCTOR AND MATERIALS DIVISION, RADIO CORPORATION OF AMERICA.



RCA's Semiconductor and Materials Division Plant at Mountaintop, near Wilkes-Barre, Pennsylvania

Quoting Mr. Glover further,

"The Greater Wilkes-Barre Area offered us just the environment we considered necessary for the highly competitive, technologically demanding and dynamic semiconductor industry.

". . . we found a large reservoir of semiskilled, easy-to-train labor, abundant natural resources, a highly developed communications and transportation system well suited to our requirements, fine undergraduate educational institutions, the extensive service and medical facilities and the varied civic, cultural and recreational outlets essential to the physical and intellectual needs of our employees.

"The above-average productivity and intelligence of our work force at Mountaintop, the congenial civic atmosphere surrounding its operation, the added stature and commercial strength it has gained for us—all, we feel, reflect these factors and help illustrate the great success our partnership with the Wilkes-Barre community enjoys."

* * *

The same advantages await your company. Mail the coupon below today and let us tell you all the facts about the Wilkes-Barre area and available brand-new industrial plants.

CENTRAL EASTERN PENNSYLVANIA

Area Development Section
PENNSYLVANIA POWER & LIGHT COMPANY
Ninth and Hamilton Streets
Allentown, Pennsylvania

PP&L
AN INVESTOR OWNED ELECTRIC UTILITY IN THE SERVICE OF THE PUBLIC

Please send additional information on the Wilkes-Barre area as well as data on a brand-new industrial plant available in the Wilkes-Barre area.

Name_____

Company_____

Address_____ State_____

into this new line, many of them with all the razzle-dazzle of a hula-hoop promotion.

A few weeks ago the U.S. Civil Defense Council held its tenth annual conference at Los Angeles. Says a delegate from that meeting: "More promotion men than you could find halfway up and down Madison Avenue were rushing about there trying to impress Civil Defense officials with their products."

Seeking a cut of this new business are many different types of businessmen: home builders, general construction firms, concrete-block distributors, swimming pool makers and distributors (who find that a shelter is basically a swimming pool turned upside down) and a few steel fabricating companies.

But at this stage, activity in the business seems to be more talk than construction, which is why the FTC is keeping watch for misrepresentation. One shelter builder has hired floor space in New York City's heavily traveled Grand Central Terminal concourse to exhibit his household fallout shelter. Another has called in a psychiatrist as a consultant to publicize as often as possible the adjustments a family must make to live amicably in a fallout shelter. A firm of marketing consultants has set up a special division to advise shelter builders on how to sell their products.

It may be many more months before all this promotional hoopla results in any significant amount of shelter building. In many parts of the nation there are some sizable hitches to be overcome first. Building codes in scores of communities would need to be altered to permit shelter building; in a few cities the code specifies that any new structure must have a window in at least one wall, and this, of course, would make a shelter valueless. Last, but hardly least, banks are approaching warily the question of extending home improvement loans to shelter builders. The bankers say they are not sure yet whether a shelter adds to or subtracts from the value of a home.

Solving a Mystery

To many businessmen, the most perplexing mysteries in all of marketing are: "What do I really get out of advertising? Am I putting enough money into it—or too much? Is it giving me what I hoped for—or is it failing?"

Skunked by a sneaky mail scale!

Mr. A mailed out a new price list, to six hundred agents. But the entire mailing got held up—insufficient postage! And his price list had to be reprinted, with a later date.

Or . . . an old and erratic mail scale loses money for you by overweighing. (Even eight letters a day, with an extra 4¢ stamp, run into almost $100 in a year.) And it's even worse if your scale underweighs! Because your first class mail may arrive "Postage Due" —black eye for your company, and ill will breeder.

A Pitney-Bowes mailing scale is a real economy—avoids postage waste and/or embarrassment. It's precision built to U. S. Bureau of Standards specifications. (Used by the U. S. Post Office, too!) The automatic pendulum mechanism remains accurate for life. The hairline indicator registers quickly, accurately, with no areas of doubt. Large markings are easy to read, make mailing faster, easier.

Ask the nearest Pitney-Bowes office to show you any of eight models, including two for parcel post. Or send for free illustrated booklet.

FREE: *Handy desk or wall chart of latest postal rates, with parcel post map and zone finder.*

Pitney-Bowes
MAILING SCALES

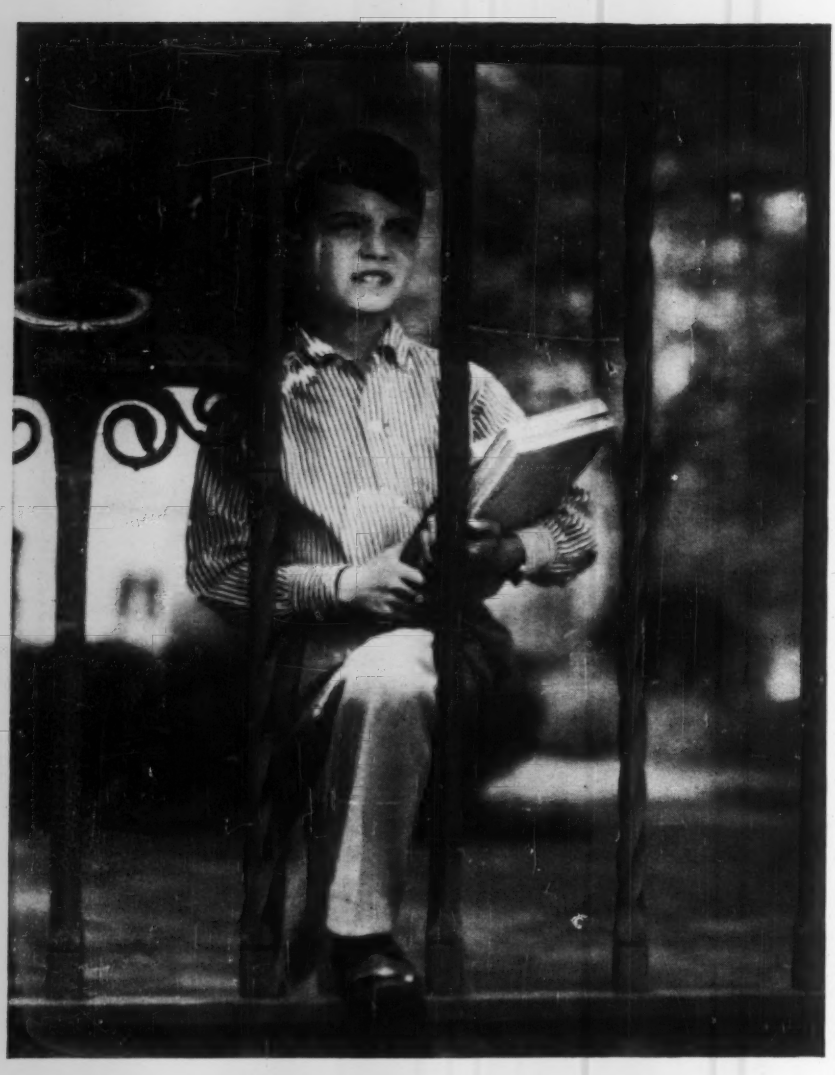
Made by the originator of the postage meter . . . 149 offices in U. S. and Canada

PITNEY-BOWES, INC.
1590 Walnut Street
Stamford, Conn.

Send free booklet ☐ *rate chart* ☐

*Name*_____

*Address*_____



HOW MANY LIKE HIM WILL YOUR SCHOOL LOCK OUT?

Some Schools and Colleges are turning away a third of the students who come to their gates.

Others turn away a half.

And there are some who admit they can take only a tenth of those who apply for admission.

The reasons are usually the same: "Not enough money, not enough faculty, not enough space!"

Does your School need help? To raise money to solve growth problems calls for more than passing the hat among the alumni. It needs careful study and long-range planning. And since 1913 the AMERICAN CITY BUREAU has helped solve money-raising problems for Educational Institutions, both large and small.

Without obligation, one of our experienced Field Counsellors will be glad to make a Study of, and prepare a Plan to meet *your* special problems. Write our office nearest you today!

AMERICAN CITY BUREAU

Professional Fund-Raising Counsel for Almost Half-a-Century

Chicago 1, Ill. 3520 Prudential Plaza | New York 16, N.Y. 386 Park Avenue South | Atlanta 9, Ga. 1375 Peachtree St. Bldg. | Houston 25, Texas 1202 Prudential Bldg. | Sacramento 25, Calif. 451 Parkfair Drive

Founding Member American Association of Fund-Raising Counsel

There is very little precise science in advertising, and when a businessman asks such questions of his advertising experts he all too often gets in response a meaningless mumbo jumbo of trade jargon. If, after that, he doubts the advertising agency's competence and switches his account to another agency, he often runs headfirst into just the same problem.

Now the Association of National Advertisers—a group of ad agency *clients*—has just come up with the results of a months-long research project that seeks to tell businessmen how to go about getting answers to just those questions.

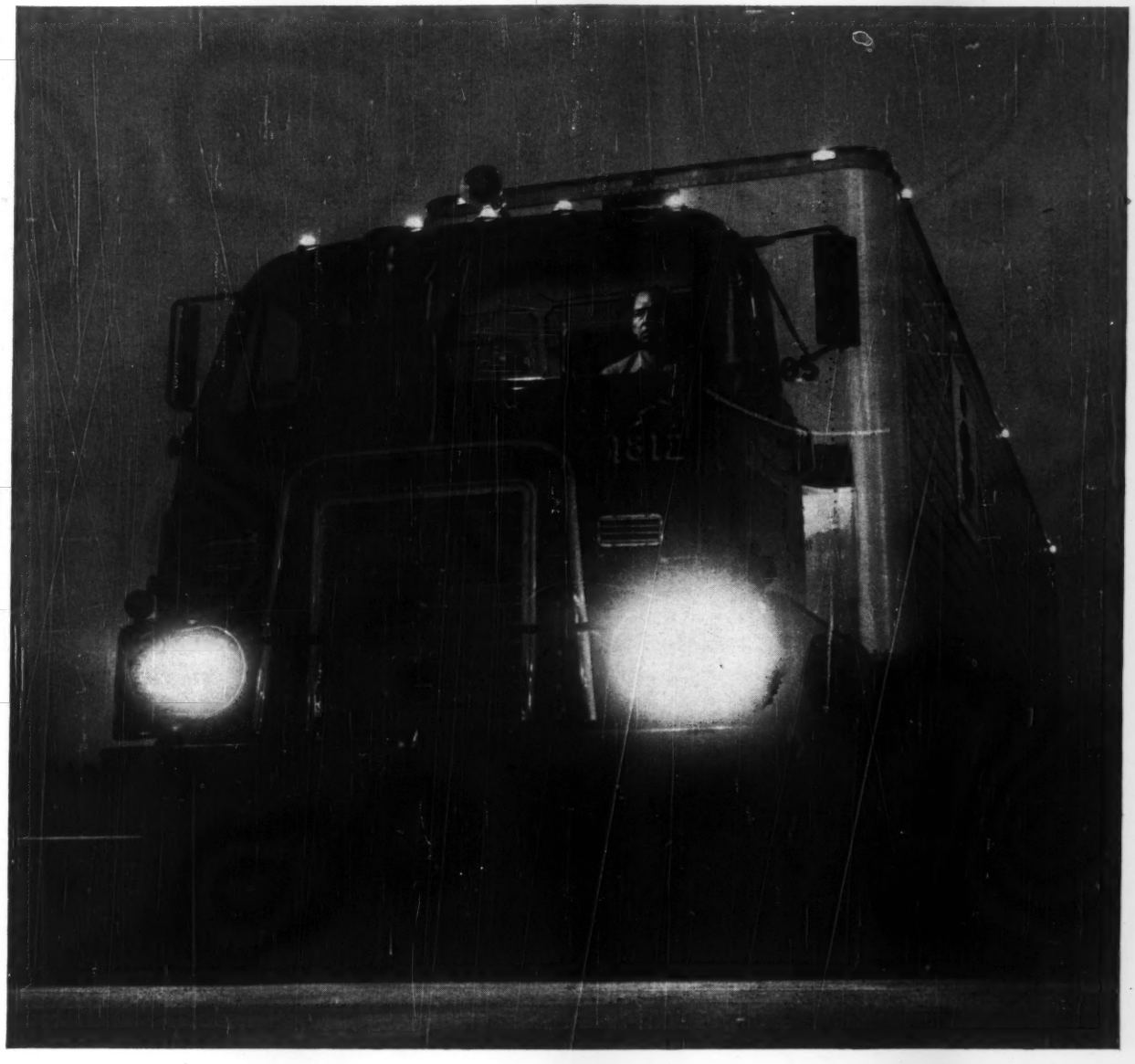
The ANA's answer to the whole problem is: "It is virtually impossible to measure the results of advertising unless, and until, the specific goals sought by advertising have been defined."

The researchers sought out scores of corporate officers, asked them to define their companies' advertising goals. What they got in response was often: "To increase sales, expand our share of the market and aid our salesmen in opening new accounts." But these, says the ANA's report, are not advertising goals—they are goals for a total marketing program.

What, then, *is* an advertising goal? It has to be stated specifically, says the ANA. A detergent maker, for instance, would be setting a set of specific goals when he decided the purpose of his advertising was to "establish a preference for our brand by 1963 among 20% of the 30 million housewives who own automatic washers by persuading them that our product is a low-sudsing detergent that gets clothes cleaner than other brands."

Advertising goals for selling industrial products can be even more specific. A maker of oil well drilling bits could lay out his goals in this way: "There are 15,000 'buying influences' in our market—the technical and managerial people who have an important voice in buying drilling bits for their companies. In the next year we want to increase from 50% to 75% the proportion of those 15,000 who are acquainted with our product, and we want to increase from 25% to 50% the proportion of those who get the advertising message that our product 'reduces over-all drilling costs.'"

When goals are as strictly defined as these, says the ANA, results can be measured and an executive has a good chance of deciding rationally whether



We invested $4 million in new equipment to help serve your distribution needs!

This investment in new tractors and trailers gives us the largest, most modern fleet of heavy duty equipment serving America's industrial heartland. It gives *you* further assurance that Interstate has the equipment, facilities and "know how" to help you work out your distribution problems. Our transportation specialists have been able to show many companies how to effect unexpected savings in distribution costs. Call them—they're listed in the Yellow Pages.

INTERSTATE SYSTEM

MORE THAN A TRUCK LINE . . . A TRANSPORTATION SYSTEM

COMMON CARRIER

Grand Rapids, Michigan

are you missing

FINANCE
Those Fat Profit Margins Abroad
● U.S. companies find their overseas operations providing an ever-growing proportion of their earnings.
● Oil industry profits, the biggest single factor, have been slipping sharply since 1957.
● But manufacturing companies, making up a quarter of the total, have been climbing for three years.
But Canada and European countries benefited from higher manufacturing receipts.
• Big Foreign Earners—More impressive than those over-all figures are foreign sales, earnings, and investment return of individual companies.
H. J. Heinz Co. earned more than two-thirds of its total income overseas last year—or $8-million out of $12-million. Chas. Pfizer & Co. and Scherer Drug earn more than 40% of their abroad.
International Business Machines
FROM BUSINESS WEEK

Locate your overseas plant in IRELAND!

Today you can compete *more profitably* in rich, fast growing markets abroad when you locate your overseas plant in Ireland.

Incentives offered by the Irish Government make it remarkably easy for you to develop "those fat profit margins abroad!" You receive *ten years exemption* from income tax on export profits plus a further five years reduced taxation. Outright, non-repayable *cash grants* help you build your factory, equip it with machinery, and train your workers.

Other advantages include preferential treatment for your products in many countries, reasonable wage scales, ample power, and a plentiful supply of *interested*, intelligent labor.

Why not write today for details. The Industrial Development Authority's office in New York is ready to assist you with information about your specific industry.

If you can use air freight, Shannon Free Airport offers standard factory bays for renting, as well as cash grants, and tax exemption until 1983.

IRISH INDUSTRIAL DEVELOPMENT AUTHORITY
405 Lexington Avenue, New York 17, N.Y.
Telephone: OXford 7-0848

his advertising budget is producing the return he wants. But when the goals are left vague or when advertising is expected to perform the whole marketing function, no businessman can hope to tell what results he gets from his advertising.

But what about those all-important sales figures? If sales are up, should not advertising take the credit? And if they are down, should not advertising take the blame? The ANA cautions that only in a few rare cases can a businessman judge results just as simply as that; "In plenty of businesses, advertising is much more a long-term investment than a current expense."

Beyond that, as the report points out, there are plenty of other factors that affect sales. The seven others that the report highlights: the product's own quality, its availability, the design of its package, the salesmen's efforts, the quality of sales aids, publicity and, as decisive as anything else, the product's price.

That Difficult Decision

Now machines are starting to take over that most impossible of a department store's functions: helping a shopper decide what gifts to buy for Christmas.

Neiman-Marcus, the plush Dallas department store, has installed an IBM 1401 computer that has been programmed to handle this task. Though it seems to be strictly a store gimmick, Neiman-Marcus President Stanley Marcus calls it a "significant development in retailing."

The store's gift advisory system does require some effort from the shopper. He has to fill out a form describing, in a series of multiple choice questions, the person for whom he is buying the gift. The questions cover such points as age, sex, interests, profession, hobbies—and also the shopper's price range. The computer operator transfers this information to a punch card and feeds the card into the computer.

What pops out of the computer in almost instantaneous response is a list of ten items in the store that most nearly match the computer programmer's preconceived idea of the gifts such a person might appreciate. One drawback: the machine cannot guarantee that appreciation, and should not be kicked if it fails to come up with an original idea. —J. M.

BODY BY FISHER ROOMINESS

is another reason Chevrolet does better by your fleet dollars

[*right up through trade-in time*]

★★★★★★★★★★★★★★★★★★★★

This new Chevrolet gives you the man-sized, down-to-business roominess you want in a fleet car. In fact, Chevrolet went to the extent of using lifelike models to make certain all its '62 models have space to spare, wherever it counts, for relaxing comfort. That goes for head room, leg room, foot room—the works. Those big wide-opening doors are another Body by Fisher advantage for busy fleet schedules. And what Chevrolet does for people, it does for luggage. Nobody else in Chevrolet's field gives you a trunk like this one, with bumper-level loading plus a deep-well floor that lets you take aboard odd-shaped objects other cars just can't accommodate. Add to this all the traditional Body by Fisher advantages—its rugged durability, handsome hardy interiors, through and through insulation against road noise and weather—and you have some of the best reasons why Chevrolet keeps its value longer to bring top trade-in year after year. . . . Chevrolet Division of General Motors, Detroit 2, Mich.

Low-sill trunk design takes lift out of loading. Extra-wide lid allows easy loading from the side.

Foam-cushioned front seat, front arm rests, dual sun visors, cigarette lighter and glove box lock are standard on all '62 Chevrolet models.

'62 CHEVROLET

CHEVROLET

LOCKHEED
Progress Report

An increasing share of the U.S. space budget is being devoted to the scientific exploration of the solar system.

THE SPACE DOLLAR

The quickening tempo of the national space effort can be measured by the size of the new boosters now being built or planned. The first Saturn boosters will have 1.5 million lbs. of thrust, a later version 3 million lbs. A 12-million-lb. booster is on the drawing board -- and there's talk of 100-million lb. boosters.

A dramatic use of these giant new boosters will be the peaceful exploration of the moon and the planets. Estimates for total expenditures by the National Aeronautics and Space Administration over the next 10 years range as high as $60 billion -- with the APOLLO program (to send a 3-man team to the moon and back) accounting for $30 billion.

Department of Defense plans to double its space budget by 1965. While its immediate interest is military satellite systems, it will continue playing a major role in scientific aspects of the national space program. The Air Force developed the missile test ranges and big boosters now used in NASA programs. Its trail-blazing Discoverer satellites are contributing mightily to our knowledge of the space environment. The Air Force is now developing the Dyna-Soar manned orbital vehicle and large solid-propellant boosters.

Five divisions of Lockheed are now contributing to the national space program:

Lockheed Missiles & Space Co., Sunnyvale, Calif., is system manager for the U.S. Air Force Discoverer, Midas, and Special Projects programs. Its Agena -- America's only production-line satellite -- is used in a growing number of Air Force, Army, and NASA programs. More than half the satellites orbited in all U.S. space programs have been Agenas.

Lockheed-California Co., Burbank, Calif., is deeply interested in problems of interplanetary travel and has studied and designed in depth several spacecraft concepts. It has completed significant studies for the Air Force and NASA on logistics, maintenance, repair and rescue of space vehicles. It is also doing research in bio-physics, astro-dynamics, and solar radiation.

Lockheed Propulsion Co., Redlands,Calif., formerly known as Grand Central Rocket Co., has brought together an outstanding team of solid-propellant scientists and engineers. Its rockets have powered the Nike-Zeus second stage and Mercury capsule escape system. It is taking part in such important missile programs as Mauler.

Lockheed-Georgia Co., Marietta Ga., hub of the fast-growing aerospace industry in the strategic Southeast, is now at work on components of the Saturn booster. Its research includes testing spacecraft materials under nuclear irradiation and at -429°F., temperature of Outer Space.

Lockheed Electronics Co., Plainfield,N.J., is geared to meet the increasing demand of both NASA and the military for radar, telemetry and tracking stations, checkout systems, displays equipment, electronic computers of space-proved reliability.

* * * * *

If you would like to receive reports of Lockheed's activities, please write Mr. Ernest A. Foster, Director of Stockholder Relations, Lockheed Aircraft Corporation, 2555 N. Hollywood Way, Burbank, Calif.

LOCKHEED
AIRCRAFT CORPORATION

IN THE EAST: LOCKHEED ELECTRONICS CO., PLAINFIELD, N. J.; **IN THE SOUTH:** LOCKHEED-GEORGIA CO., MARIETTA; **IN SOUTHERN CALIFORNIA:** LOCKHEED-CALIFORNIA CO., BURBANK; LOCKHEED AIRCRAFT SERVICE, ONTARIO; LOCKHEED AIR TERMINAL, BURBANK; LOCKHEED PROPULSION CO., REDLANDS; **IN NORTHERN CALIFORNIA:** LOCKHEED MISSILES & SPACE CO., SUNNYVALE; **IN THE PACIFIC NORTHWEST:** PUGET SOUND BRIDGE & DRY DOCK CO., SEATTLE, WASH.; **IN OTHER LANDS:** LOCKHEED AIRCRAFT INTERNATIONAL; LOCKHEED AZCARATE, S. A.; AERONAUTICA MACCHI; AVIONES LOCKHEED KAISER. **PRODUCTS:** MISSILES, SATELLITES, AIRCRAFT, ELECTRONICS, SHIPBUILDING, NUCLEONICS, AIRCRAFT MAINTENANCE, HEAVY CONSTRUCTION, ROCKET FUELS, STEEL FABRICATION

Managing Your Manpower

- *Seniority in new plants*
- *Change in bargaining patterns*
- *Pirating personnel*

GLIDDEN and Gemmer are not a new comedy team. They are two companies whose troubles touched off what may become the year's most explosive issue in labor relations. Following a familiar pattern, both firms decided to abandon old plants and move their operations to another state. In each case, a group of employees who were left behind went to court to force management to hire them in the new area. Their argument: "Our seniority gives us job rights in the new plants." In Glidden's case, a Federal court agreed.

When Gemmer Manufacturing Co. shifted operations to a new site, workers made a similar demand. When management refused, the employees filed suit. Now the U.S. Supreme Court has both cases in its lap. Meanwhile, though, state campaigns to lure industry—particularly in the South—are stalled. If they have to man new plants with old hands, companies reason, there is less to be gained from a move.

A side issue involves the question whether an employer should pay moving expenses for employees who have job rights. American Motors and International Harvester have limited their commitment for moving allowances to a maximum of $580, depending on distance and marital status. Neither company will pay for transfers of less than 50 miles. The union lost out on a far more costly demand—reimbursement for an employee who is "invited" to take a job in a transferred plant and takes a loss on the quick sale of his house.

• • •

A big change in bargaining patterns is under way. Core issues like wages and hours are causing little conflict. A 5-to-7-cents-an-hour offer—much lower than last year—has been getting a quick nod from union negotiators. But "minor" demands—the kind that cost General Motors 19 million man-hours in production—are holding up thousands of settlements. One current union demand would give the employee—not the employer—final say on whether he will stay on for overtime. In another case, employees would be given veto power over night-shift assignments. And another union is insisting that if an employee takes off to go deer hunting, his absence should not count as "unexcused."

A number of these "minor" demands strike directly at management's key man on the production line, the supervisor himself. Labor negotiators in more than one bargaining session have been demanding that when a supervisor's job opens up, the senior man in the department should get the job. Current practice gives management its right to select anyone it taps for managerial posts. And that right is not one that most companies are prepared to give up without a fight.

Almost as serious, in management's view, is a union demand that workers should be required to take orders only from their immediate supervisors. Arbitrators have long held that any supervisor has authority over any company employee, in or out of his department. And, for comic relief, there is a novel union demand: no supervisors allowed in workers' rest rooms.

Parking lot problems have also moved into the area of sticky issues. One union asked, in vain, for paved parking lots because workers had claimed their cars got so dusty in the unpaved lots that they had to put in two extra hours a week in car-washing time. For good measure, the union also demanded a canopy from the parking area to the plant as protection against inclement weather.

• • •

To keep his Teamsters in line, in face of the AFL-CIO's announced intention to take in defecting Teamster locals, Jimmy Hoffa has taken up a novel weapon—communications. The harassed president of the Teamsters is using tape recordings urging locals to stay loyal.

Hoffa keeps a team of five publicity men busy writing messages, which he then records on a tape. The canned copy is flown out to local and regional meetings and played to members. Audience reaction in the form of applause or boos is also recorded and dispatched to Hoffa's Washington headquarters, where a cadre of advisors analyzes the tape and formulates new strategies.

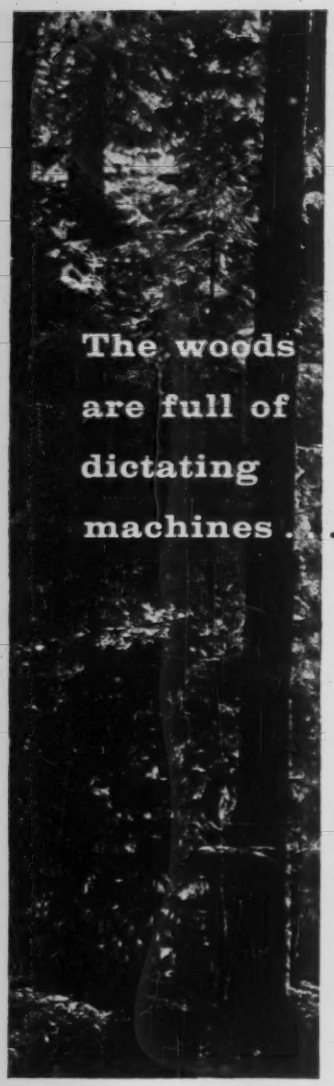
• • •

Steelmen, who had been looking forward to moderate demands from David McDonald's Steelworkers Union next year, are no longer quite so sure. McDonald, who was in the midst of a fight for re-election during the last negotiations, felt that he had to come up with a big package to retain his post. He did, and was re-elected.

Now, though, a Federal court has ruled that the procedures used for nominating and electing international officers of the union were illegal under the Landrum-Griffin Act. As a result, new elections have been ordered in several areas. Claiming that the procedures then in effect cost him the election, McDonald's opponent Donald Rarick has started legal action. If a new union election stems from the suit, next year's steel negotiations will again be held in the limelight of a union campaign.

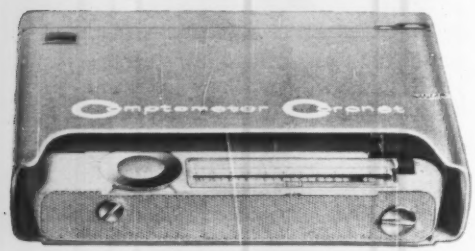
• • •

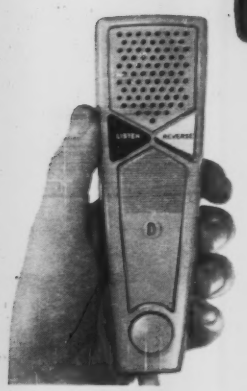
General Electric's bargaining strategy, sometimes called "Boulwarism," is getting its first legal test. The electrical workers union has charged GE with unfair labor practices as a result of the



Try it. Prove to yourself it has what you want in a dictating machine—for effortless dictation... in the office and in the field. Call the nearest Comptometer office for a demonstration. See the Yellow Pages or write:

COMPTOMETER
CORPORATION
5600 Jarvis Avenue, Chicago 48, Illinois
BUSINESS MACHINES • BUSINESS FORMS • GOLF EQUIPMENT
COMMUNICATION EQUIPMENT • ELECTRONIC PRODUCTS





company's practice of making a "fair but firm" wage offer and sticking to it throughout the negotiations. The union, charging that GE's unyielding position is not bona fide "give-and-take" collective bargaining, has filed a complaint with the National Labor Relations Board.

The union made similar accusations in 1954 and 1958, and both times the Board refused jurisdiction. This time, though, the agency has ordered hearings. The outcome will have wide repercussions in labor relations policy-making. Many companies have made GE's "no haggling" approach part of their bargaining philosophy.

• • •

"Gentlemen's agreements" between companies not to pirate each other's personnel are running into double trouble. Last month thirteen international airlines adopted a statement of policy designed to discourage carriers from poaching on each other's personnel preserves.

Under the arrangement, if an employee from one airline applied for a job with another, the latter would check with the applicant's boss and ask if it was okay to hire. Now lawyers for the airline unions are charging that this practice is discriminatory and are preparing a court case to test it.

Meanwhile, no-pirating agreements between companies who send top engineering and scientific people to technical conventions are faring badly. At the New York meetings of the American Rocket Society, the familiar wooing techniques were much in evidence. There was no lack of private suites, cocktail parties, bold advertising in New York papers and just plain buttonholing of prospects.

• • •

Wage incentive plans are losing ground. Not since World War II, in fact, have so few workers been getting paid "by the piece." Latest figures show that no less than three quarters of production workers are now paid on a time basis. In non-manufacturing, the proportion on incentives is still smaller. One reason is that automation makes it hard to measure output in terms of individual effort.

This is one aspect of automation that is not worrying the unions, however. They have never been enchanted by wage incentives, and the adminis-

100 FORD ECONOLINE VANS join RCA's fleet. To provide factory service for RCA appliances and TV, RCA technicians are on call from 157 branches.

RCA tries 1...adds 100 Ford Econolines!

Solid testimony that Ford's full-time economy only starts with low price!

"Starting last February, we've shifted our initial Econoline from branch to branch," says Jack H. Thompson, Fleet Maintenance Manager of RCA Service Company, "and it's a truck that everybody likes. In the 8 months since, we've been averaging better than 20 miles per gallon and have had no repair costs."

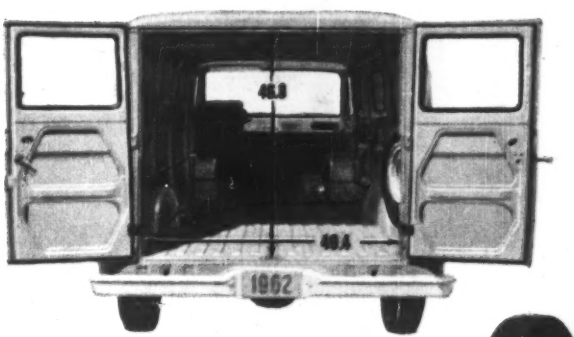
Not all Econoline buyers come back for 100 more, but all will tell you how you save with Ford's new kind of Van. You save when you buy, with a price well below any popular conventional panel. Save on gas with up to 30% better mileage. Save on oil—go 4,000 miles between changes. Save on maintenance, save on tires—even on licensing!

All told, savings on operating costs every 16,000-mile year probably will top $100! The facts, compiled in independent tests, are in Ford's Certified Economy Reports. See how you can save... full time!

FORD TRUCKS COST LESS

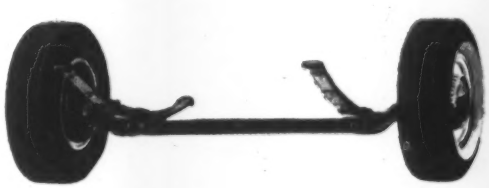
SAVE NOW...SAVE FROM NOW ON!

FORD TRUCK CERTIFIED ECONOMY REPORTS



FORD'S ECONOLINE VAN HAS A FLAT FLOOR, front to rear, because the engine's up front where it belongs. Big 204-cu. ft. loadspace, up to 80 cu. ft. more than conventional panels; ¾-ton payloads! 4-ft. double doors rear and curbside for easier loading.

TWO GAS-SAVING FALCON SIXES. Your choice of the famous Falcon 144 Economy Six... or an optional new 170 High Performance Six!



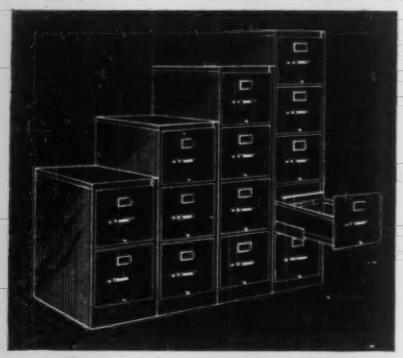
TIRE-SAVING TRUCK SUSPENSION. Unlike some other types of suspension, Econoline's rugged truck suspension keeps the front tires tracking true . . . and makes them last longer!

PRODUCTS OF Ford MOTOR COMPANY

If you practice

budgetry

H-O-N CAN HELP YOU COME OUT ALL RIGHT . . .



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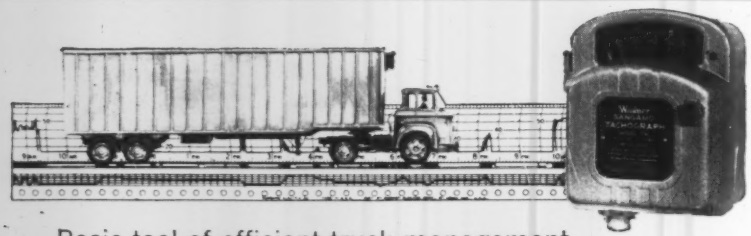

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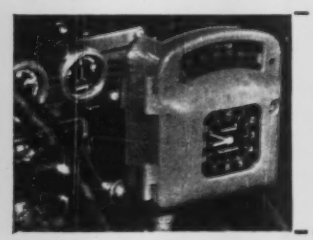

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WS61-7

tration of such plans has long been a major source of grievances. Now the union pitch is elimination of hourly pay for weekly salaries. Says Walter Reuther, who is spearheading the drive: "The system of employment by the hour is obsolete, uneconomic, irresponsible and unjust."

• • •

Secretary of Labor Goldberg, always a free-wheeling operator, frets over the time-consuming committees which have been created to advise him on policy. Annoyed by the collective gab fest at a recent meeting, he exploded: "If Columbus had had an advisory committee, he would probably still be at dock."

• • •

"Open your books," a demand often heard at collective bargaining tables when an employer claims inability to pay, has now become something of a *cause célèbre* in union circles. When Teamster locals refused to open *their* books to government investigators, a U.S. Court of Appeals said they must. One of the locals ordered to show its records is Hoffa's own, of which he is still President. Secretary Goldberg called that ruling "the most significant court test of the Landrum-Griffin Act to date."

• • •

When is a coffee break not a coffee break? In one company, employees were allowed two coffee breaks a day —one in the morning and one in the afternoon. At each break the workers left their jobs. In time, abuses developed. Employees were returning late to their machines and desks.

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Not surprisingly, the workers objected. "A coffee break means rest," they complained. "We have a right to leave our work."

"A coffee break is for coffee," the employer retorted, "and coffee is what you're getting."

Ruled Arbitrator B. Merideth Reid: "A coffee break is a rest period, a break from the pattern of work. Prohibiting workers from leaving their workplaces is not a coffee break. The old system should be restored."

LAWRENCE STESSIN

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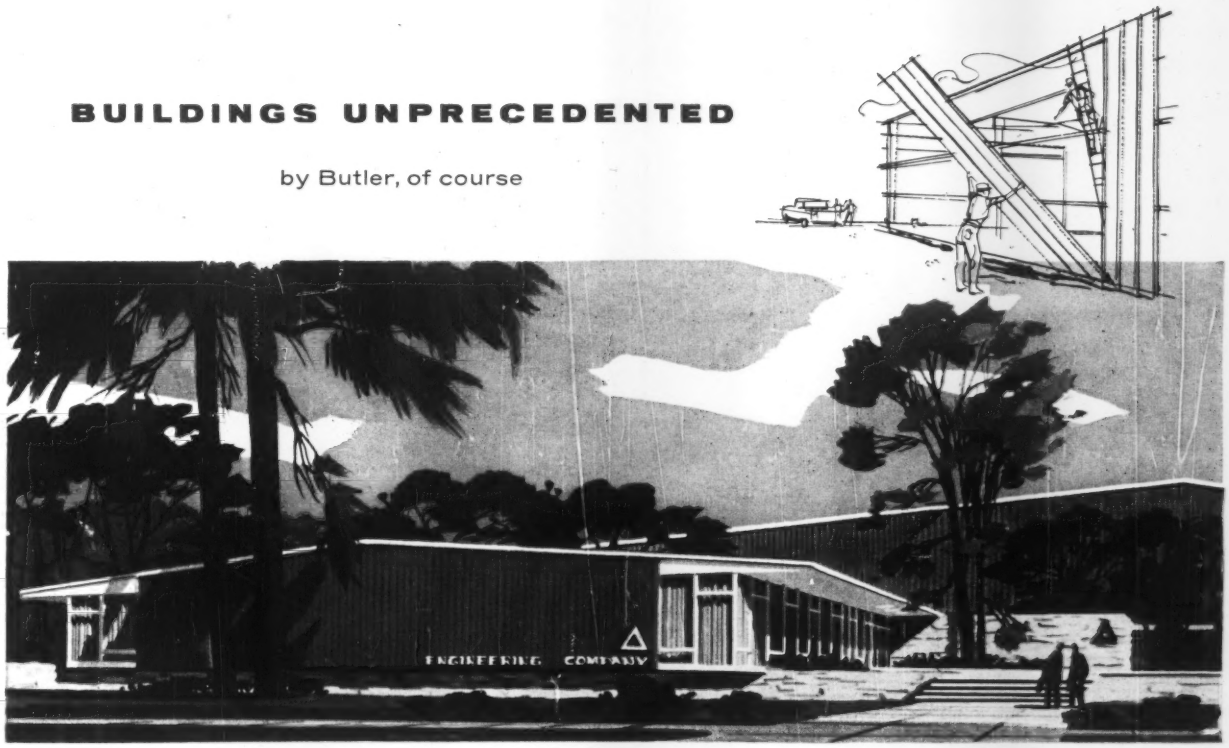

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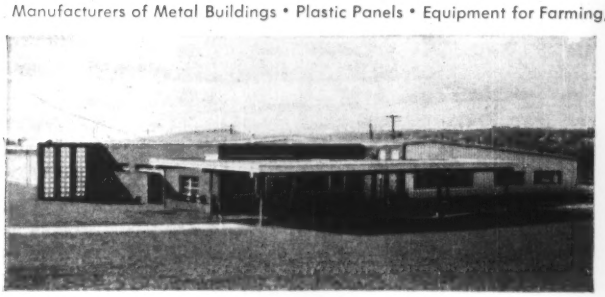
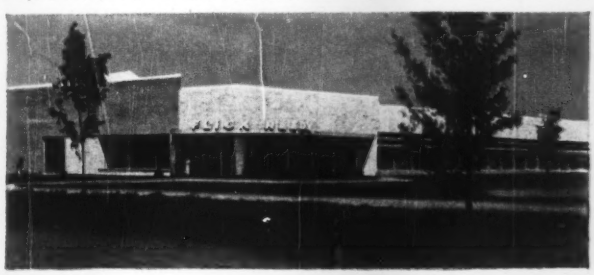


Architect / Richard J. Weibel and Associates, Erie, Pennsylvania



Architect / Zay Smith and Associates, La Grange, Illinois

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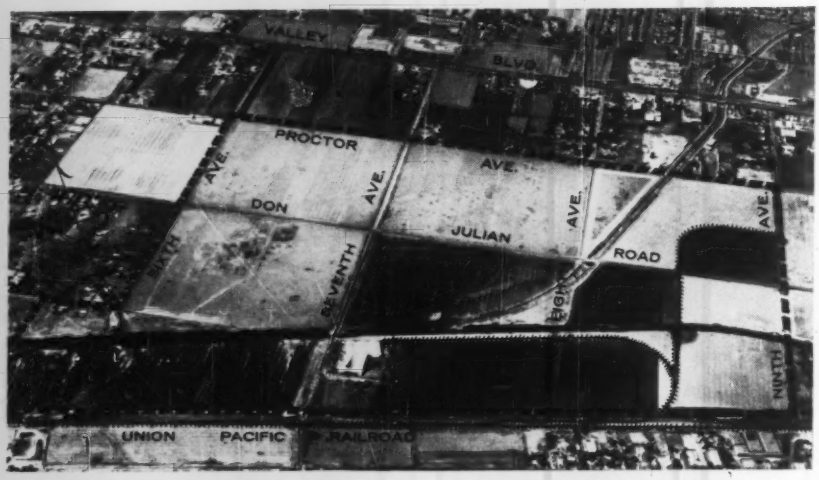

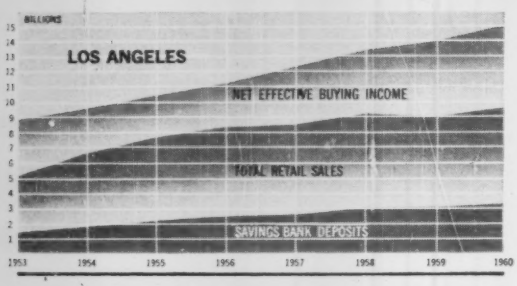

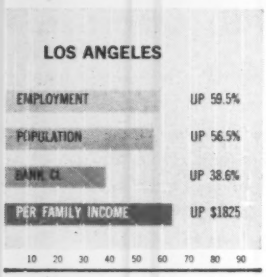

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Greater Los Angeles spells Opportunity. A quick glance at the tables above shows that this area, like other metropolitan centers in the West, has far-above-average opportunities and advantages for industry.

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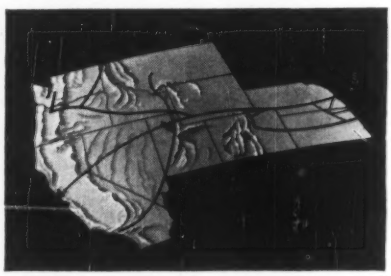

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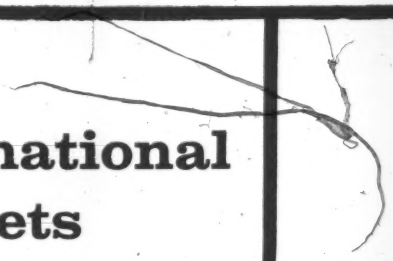
International Markets



- *The exporters worry*
- *Prosperity in Peru*
- *Kuwait question mark*

WHAT is ahead in 1962? For U.S. exporters, getting ready to tot up the sales figures on their second- or third-biggest year, the answer looks sobering at best. For unlike foreign-bound American capital, made-in-USA products may well be headed for heavy going in some overseas markets.

Three things are worrying the exporters. The first, not surprisingly, is increased competition from lower-priced, better financed industrial and consumer goods spilling into world markets from the modern mass assembly lines of Western Europe and Japan. The second is the problem of coping with preferential tariffs on U.S. goods entering the European Common Market area. And lurking in the background is the fear that some foreign governments elsewhere may slap on restrictive trade controls to ease growing trade deficits or imbalances in their balance-of-payments accounts.

Spur to direct investment

None of these threats, of course, is really new. Looming larger, though, they make it plainer than ever why more and more U.S. companies are turning to direct foreign investment as the best way of marketing their products abroad. Out of the $33 billion that U.S. businessmen have invested overseas, no less than $11 billion have gone into foreign manufacturing facilities. And this flood of dollars has been as broad as it is deep. In Western Europe alone, according to a four-year running tally kept by New York's Chase Manhattan Bank, the number of substantial investment deals involving U.S. firms has already passed the 1,000 mark.

Not that direct foreign investment lacks its own set of headaches. Just how strongly a particular overseas area may lure U.S. capital depends on a lot more than market considerations. Government attitudes and policies on types of "acceptable" investments, another part of the problem, may be complicated still further by a tight labor supply, local industrial patterns, and a host of other factors. Accordingly, there is just one realistic way to evaluate the international trade outlook for 1962, and that is on a country-by-country basis.

A monetary question mark hangs over our trade interchange with Canada, our Number One trade partner. Just how much the recent Canadian dollar devaluation will affect the import-export statistics is not yet clear. In any case, the U.S. stake in Canada —now accounting for roughly 20% of our total exports and about one third of our foreign investments—will continue to be vast. Chances are, too, that our neighbor to the north will feel the effects of better business conditions in the U.S.

In Europe's Common Market nations, the investment climate is generally balmy. Among the Benelux countries, Belgium's booming exports have improved its foreign exchange reserves more than enough to make up for the drop in net receipts resulting from the loss of the Congo. Meanwhile, the Belgian industrial production index has broken through to new high ground. At the same time, neighboring Luxembourg's production of iron and steel, chemicals and beverages has been steadily setting new highs. Along with better prospects for trade, a very favorable investment climate awaits the U.S. businessman. Centered around special tax treatment for new industries, it is attracting a stream of fresh American investments.

France, too, with expanding industrial production supporting full employment, presents a promising outlook. A favorable trade balance, $2 billion worth of gold and foreign reserves, and a liberal foreign trade policy lure the exporter. For the investor, France offers other attractions as well: special taxes, a strong position in the Common Market and the "equal treatment" treaty signed with the U.S. a year ago.

Across the Rhine, the West German economy continues to thrust ahead. True, there has been a slight letup in the growth of the German gross national product, which is now increasing at a 6% annual rate *vs.* the 8% of 1960. But huge backlogs of orders are sustaining full employment. The German labor pinch, already acute despite the presence of some 400,000 foreign workers ("Miracle Market on the Rhine," DUN'S REVIEW, *July*), has been tightened still further by the cut-off of the Berlin escape route from the East. To date, the deutsche mark revaluation of last spring has had little effect on the export drive.

Oddly enough, the most noticeable result has been a slackening demand for imports of industrial equipment and materials. The reason is not hard to find, however. German businessmen are buying cautiously because of thinning profit margins. But rising consumer income, a fat surplus in international trade and a huge $7-billion reserve fund remain as assurances that Germany will continue to occupy the Number One slot among our European export markets that it won from Great Britain earlier this year. And U.S. capital commitments in West Germany, which now exceed $1 billion, are still growing.

Upsurge in Italy

In the wake of record employment, with wage increases outpacing the rise in living costs, Italy offers plenty of potential for exporters and investors alike. Last year Italy's exports set a new high with an increase that led all the other industrialized Western European countries. Liberal treatment of

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foreign capital, tax and credit incentives, and an ample pool of low-cost labor are compelling investment interest in Italy.

In the Outer Seven countries, the immediate prospects are not so uniformly bright. Plagued by balance-of-payment problems, partly due to lagging exports, Britain has retreated into austerity. It is not likely to emerge before completing its negotiations to join the EEC, and that will take time. Meanwhile, U.S. export and investment potentials may shrink from their present imposing proportions. More than $1 billion worth of U.S. exports are now sold annually in the U.K., which also accounts for no less than half of all U.S. investments in Europe.

Austria, which has freed 91% of its dollar imports from quantitative restriction, is still carrying a large number of agricultural and industrial products on a "control" list. However, the International Monetary Fund recently ruled that these restrictions were not justified on balance-of-payments grounds. Eliminating them, of course, would open the door to more made-in-USA products. But the relief could be short-lived. Following Great Britain's lead, Austria is hoping to negotiate for EEC membership. If this should come about, the Austrian market would soon become a harder one for U.S. traders to sell. But the Austrian investment climate remains favorable, and there is almost full convertibility of the schilling for dollar investments.

Switzerland's solid prosperity

Austria's neighbors, the prudent Swiss, are enjoying a comfortable boom. Record sales abroad, a critical labor shortage and sustained and heavy internal demand for industrial and consumer goods add up to a continued build-up in imports. And, as one of the ideal tax havens, Switzerland is now host to some 500 U.S. overseas subsidiaries.

In Denmark, a progressive relaxation of import restrictions is building up the potential for U.S. exports. At the same time, though, extensive strikes and sagging agricultural prices are leaving the Danes with less money to spend. And the prospects are further dimmed by an unfavorable balance of trade. On the investment side, shortages of skilled labor continue to act as a brake on new industrial ventures.

Norway has become more accessible to U.S. exporters since restrictions on industrial and consumer imports were cut back. But, in a sense, it remains a captive market of the European Free Trade Association because of the 30% tariff differential given to EFTA members. Of Norway's current investment boom, only a modest fraction is dollar-backed.

As for Sweden, here business is good—so good that inflation is a problem. But because of the pressures that both management and labor are exerting to have Sweden join the EEC, the long-range prospects for both exports and investments are clouded.

Outside the two big trading areas, the recent doubling of U.S. exports to Spain make this a market to watch. Better investment conditions have paralleled the easing of restrictions on imports, and more improvements are probably on the way.

The Latin American picture, meanwhile, is spotty. In Argentina, U.S. exporters are carving out big gains at the expense of foreign competitors, and new Export-Import Bank loans are expanding sales prospects. Too, an Investment Guaranty Agreement that Argentina signed with the U.S. some months ago has strengthened the investment structure. In Brazil, though, U.S. businessmen are losing ground to more aggressive Western European and Soviet bloc competitors, and political uncertainties obscure the investment picture.

American exports to Chile are being hurt by lower prices and easier credit terms quoted by European and Japanese competitors. And the Chilean government's tougher line toward American copper interests is dampening investment enthusiasm in other U.S. industrial quarters. In Colombia, declining U.S. exports reflect a weakening currency and deficits in the balance of trade. And despite favorable investment laws, tight credit is checking plant expansion.

In Mexico, meanwhile, U.S. exports are making a slow retreat as the government clamps progressively tighter controls on purchases from abroad. A highly selective development program, complicated by frequent insistence on majority Mexican ownership of capital stock, is curbing investments.

Peru and Venezuela are a study in contrasts. After two years of financial stability, Peru is riding a wave of prosperity. Imports and exports are setting new records, and industrial ex-

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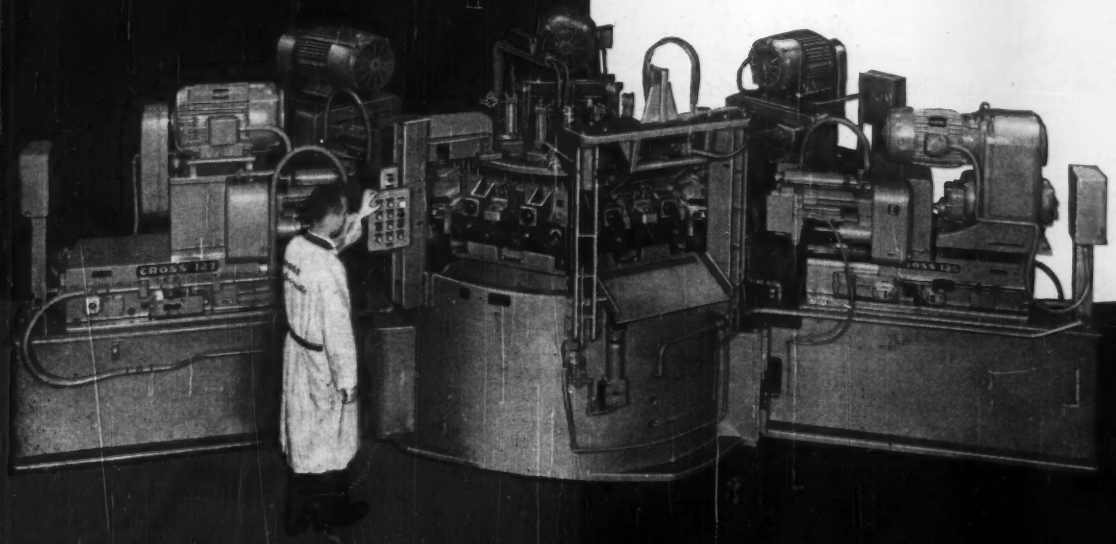

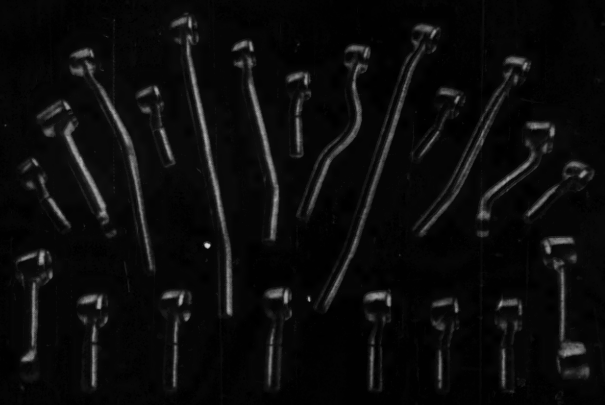

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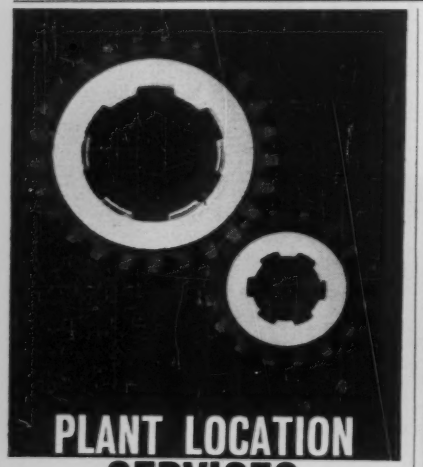

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pansion is opening new investment opportunities. But in Venezuela, a country saddled with past-due debts overseas, the prospects for U.S. exporters are bleak, and U.S. investments are shrinking.

"Wait and see" appears to be the watchword of U.S. businessmen right now where Africa is concerned. Generally speaking, it is a reasonable attitude, for the picture is decidedly mixed. Ghana's austerity plan is depressing the consumer goods market. The Ivory Coast, a net dollar earner, is issuing more licenses for U.S. goods. Floating on an oil economy, Libya's business is leveling off. Nigeria continues to get the bulk of its imports from the U.K., but its long-range potential for increased U.S. sales and investments is good (see "The Key to Africa," *page 39*). Sierra Leone, a new and tiny market, needs time for cultivation. Despite internal political and economic stresses, the Union of South Africa remains a relatively stable market, at least for the time being. But foreign-exchange controls imposed at midyear can hurt short-term export and investment prospects.

Mideastern question marks

The Middle East offers few attractions just now for either exporters or would-be investors. The Iranian market seems likely to get worse before it gets better. Recent amendments to Iraq's investment law which created some sizable tax inducements are largely canceled out by one severe limitation: 60% of the capital must be Iraqi. Under pressure from rising prices, rising wages and tight credits, the Israeli economy is showing some cracks. Since becoming an independent state some months ago, Kuwait remains an economic question mark. Saudi Arabia, however, is a different story. Here, purchases are rising and new laws are on the docket to improve investment conditions. A tight foreign exchange situation, the result of a business slump, is keeping Turkey in the doldrums. And in Egypt, following the breakup of the United Arab Republic and the nationalization of business, the economic signs are far from encouraging.

In the Far East, however, a more prosperous pattern appears. Australian business, which had sagged in the first half of the year, shows signs of recovery, and capital inflow is mounting. One big worry: What will happen

to Commonwealth trading preferences if and when Britain joins the EEC?

As a hub of trade, shipping, small industry and tourism, dynamic Hong Kong is wide open for U.S. exports. Meanwhile, in line with its policy of encouraging the growth of home industry, India has tightened import controls on consumer and non-essential industrial goods. As for foreign investments, India tends to favor companies that will supply their own equipment and material or those that promise to produce exports quickly. The idea is to stretch India's foreign reserves and keep funds on tap for the needs of essential industries. Pakistan, offering four- to eight-year tax holidays to new industries, remains an excellent market.

Buoyed up by a phenomenal boom, Japan's worry is that its prosperity will get out of hand. The external liabilities of its fifteen major banks reached an all-time high of $2.7 billion a few months back, and the Japanese trade deficit has been climbing steeply. The International Monetary Fund's decision to allow Japan to retain its foreign exchange controls, at least until next September, will give the government time to try to cool off an overheated economy. But chances are that Japan will keep its position as our Number Two export market. No easy market for foreign capital to enter, Japan will tighten down still further if these investments show signs of being inflationary.

In South Korea the trade outlook is indifferent and recovery is slow. U.S. exports to Malaya, however, are flourishing, and free-enterprise investors can look for clear sailing. Despite a deficit in their U.S. dollar trade, the Philippines continue as a strong market for American goods, which receive a tariff preference. "Filipino Firstism," while still a formal government policy, is more slogan than reality. Approval of U.S. investments, in fact, is being speeded, especially where joint ventures are involved.

Singapore's industrialization program is attracting American exports, and Taiwan's easier policy is strengthening its two-way trade with the U.S. Backed by a strong economy and a favorable trade balance, Thailand looks like a good bet for heavier U.S. exports and investments. The new U.S. Trade Center, due to open in Bangkok early next year, should boost the U.S. position in this market.

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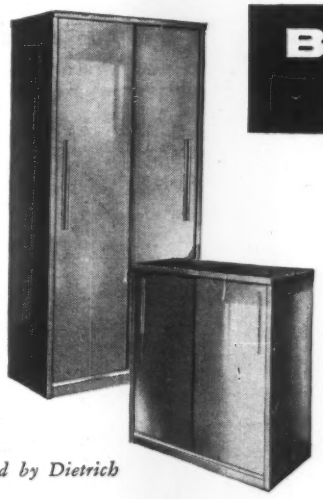

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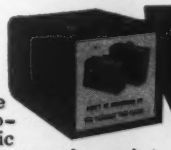

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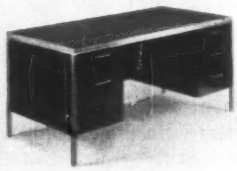

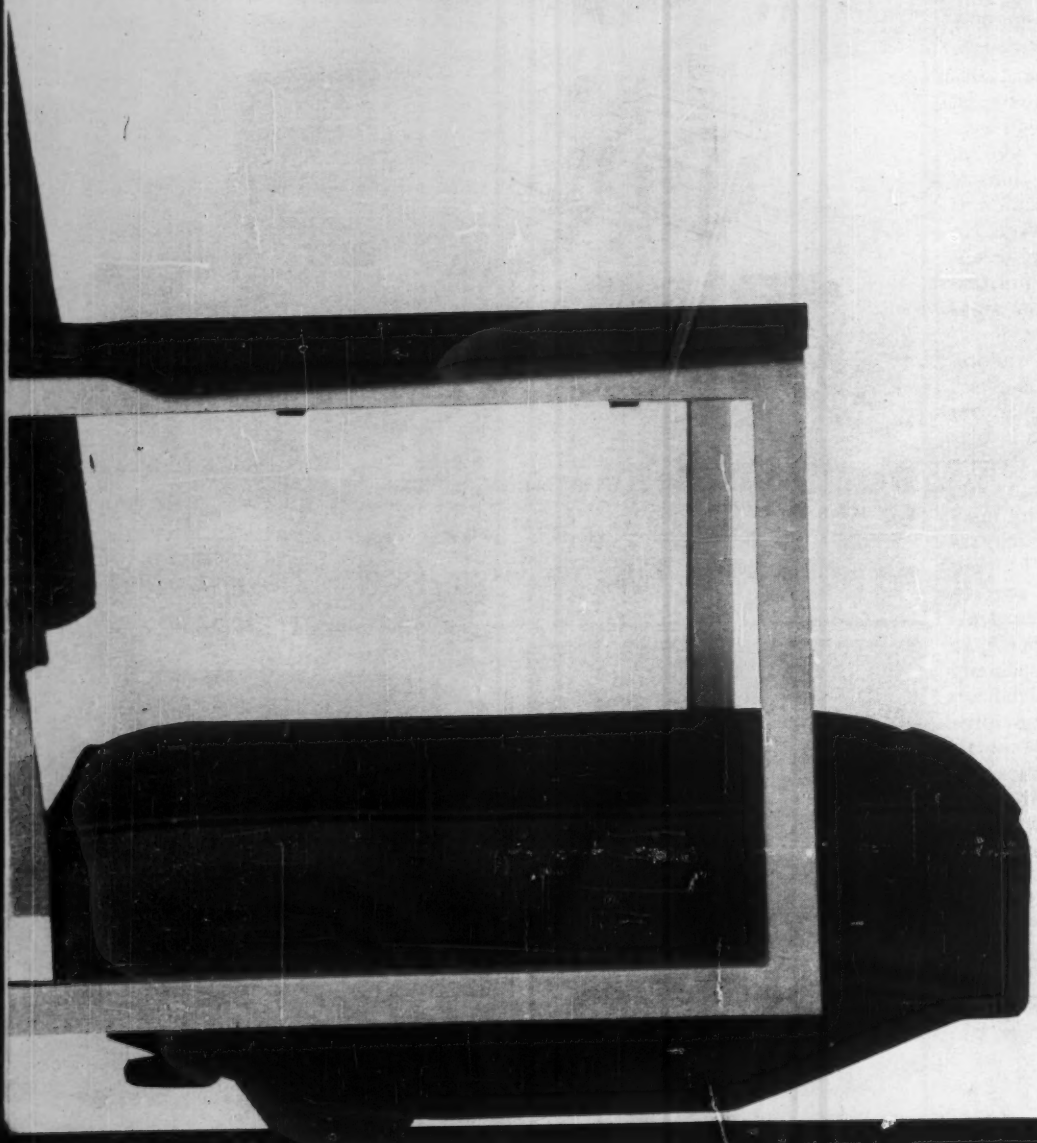

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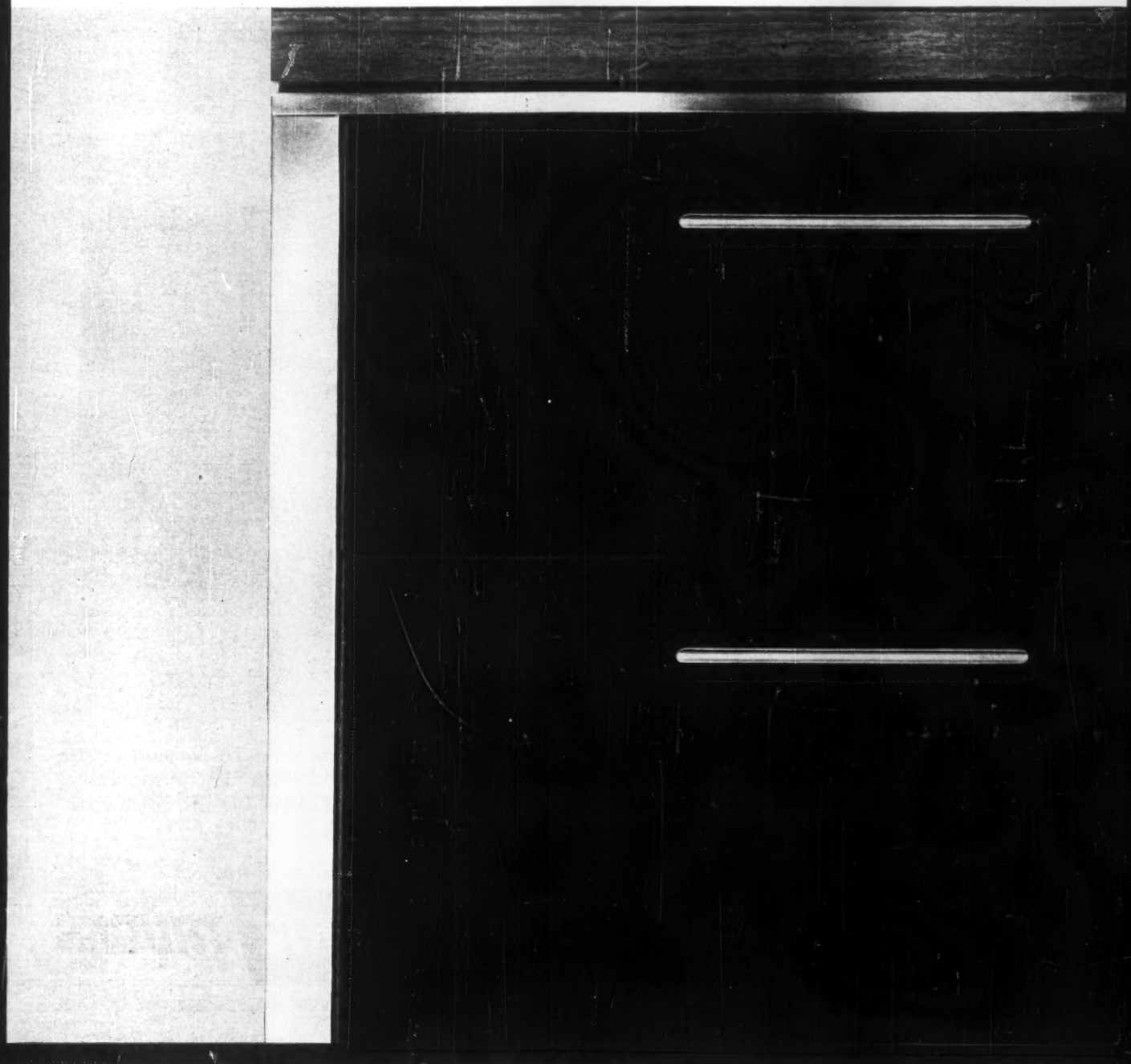

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EXECUTIVE BOOKSHELF

WALL STREET: A PICTORIAL HISTORY, *by Leonard Louis Levinson. Ziff-Davis. 376 pages. $14.95*

Who was the first Wall Street speculator? Probably Peter Stuyvesant who plunked down $1,300 in 1653 to build the picket wall across Manhattan Island that gave the financial district its name. Like many plungers after him, he lost his bet. The expected British land attack never came—and eleven years later the British, ignoring the wall, sailed unmolested into the harbor.

The major winners and losers of Wall Street, from that day to this, all come in for brief but sharp-eyed glances from Leonard Levinson. But his book of 600 pictures and 150,000 words of text is more than just the story of Wall Street. It serves as well as a short history of business in the United States.

Starting from the days when mastodons roamed the area, before the bulls and bears took over, Levinson sketches the development of the banks and brokerage houses that made Wall Street the financial symbol of the world. Pictures and captions tell the stories of famous landmarks. Lovers of detail get a full diet of such tidbits as: the last body was buried in Trinity Church graveyard in 1831.

But it is the men who built the Wall Street legend that get Levinson's most pungent comment. The book is replete with such stories as the manipulations of Jay Gould and Jim Fisk in cornering the gold market and Commodore Cornelius Vanderbilt's sponsorship of the first two female stockbrokers.

Little-known people get their share of attention also. A man named Baruch, though no relative of Bernard, also makes his fortune on the Street—he sells hot pretzels.

Though Levinson's handsome book is a good reception-room browsing piece aimed at the Christmas gift market, it also has a more serious side. The author views the Street as a natural growth—a phenomenon that would reappear "if every trace of civilization were to be wiped away and the whole process of geographic evolution were to begin again."

THE DEATH AND LIFE OF GREAT AMERICAN CITIES, *by Jane Jacobs. Random House. 448 pages. $5.95.*

Billions of dollars have been poured into the razing and redevelopment of "blighted" areas in the nation's major cities in the last dozen years. And the net result, in most cases, has been "not the rebuilding of cities . . . but the sacking of cities."

So argues Jane Jacobs, spirited critic of the grandiose theories of the city planners and redevelopers. Her book, with heavy documentation, strikes at the planners for their "total failure to understand what makes a city."

A city's greatest essential, says Mrs. Jacobs, is its diversity. And, she argues, the planners of immense housing projects, sprawling cultural centers and towering blocks of offices are doing their misguided best to turn whole sections of U.S. cities into deserts of monumental dullness. They do this in part by attempting to make housing projects into self-contained "villages" whose huge populations can have no real cohesion. They do it also by lumping all of a city's cultural activities in one place, separated from the rest of the city. They do it, thirdly, by failing to realize that a city area occupied by block after block of office buildings cannot support diverse services because it is populated only during rush hours.

Almost despite the planners, says Mrs. Jacobs, there are dozens of "successful" neighborhoods in the big cities—and the residents of most of these have to wage constant campaigns to save themselves from unwanted redevelopment. These, she says, are the areas that should be preserved and refurbished. Yet in many of them funds for refurbishing are shut off because planners label them slums—and bankers do not lend mortgage money in slum areas.

Mrs. Jacobs' passionate appeal for a radical about-face in city redevelopment will not halt the dozens of projects that are on the books in the nation's major cities today. But before many more such projects reach that stage, it may well help alter the planners' ideas.

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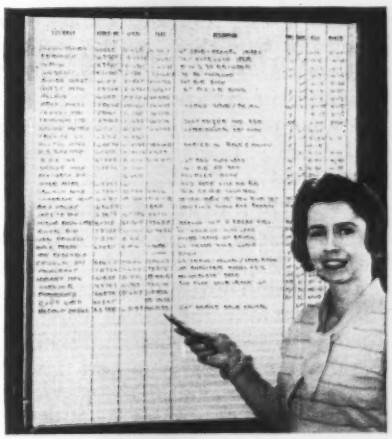

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Ideas at Work

- ▶ *Amazons in Alabama*
- ▶ *Image in bubble gum*
- ▶ *Peace in the store*

BUSINESSMEN who think they are way ahead on bomb shelters and fallout retreats have nothing on Gulf Telephone Co. of Foley, Alabama. Its executives, preparing for any eventuality, are making plans for the invasion that might follow a nuclear attack.

To gird itself for what it considers the inevitable showdown, Gulf Telephone has taken some 23 women employees and put them through an intensive course in commando training. Vice president John Snook, himself a World War II commando, drills the group for possible offensive and defensive action. The womens' official mission is to aid the armed forces in the defense of southwestern Alabama.

During their six weeks' training each year, the women learn at least the principles of how to fire solid-fuel missiles. For less spectacular assignments, they drill with submachine guns, carbines and pistols and are taught how to demolish structures with dynamite.

The women have become so well trained and so ready with their armaments that each has been deputized by Foley's sheriff. In local emergencies they are often summoned to help. Just recently, Snook points out, two of the girls helped the sheriff overpower a lunatic. While acting in their capacity as deputies, the girls receive full company salary, and the sheriff's office later reimburses the company.

Though Gulf Telephone's program has no official tie-in with the state militia, there is a friendly relationship, Snook admits. Each goes out of its way to help the other. It is not rare, for example, for the company to lend the militia dynamite should the state force find itself in short supply.

Who minds the store on those days the ladies get their training? The other sex, of course. Most of Gulf Telephone's male employees have already had military training and so are not eligible for the commando program. The few who have not been in the services are avid hunters and know how to handle a rifle. "In event of war," says Snook confidently, "they can take care of themselves."

"Mr. Bubble Gum"

Rheingold Beer has its "Miss Rheingold" and Hathaway Shirts has Baron Wrangel with his eye patch. Is there any personality, wondered executives at Topps Chewing Gum, Inc., who could personify their company in the minds of millions of bubble gum chewers?

Since Topps publishes and markets those ubiquitous baseball trading cards along with its gum, a tie-in with the national sport seemed inevitable. And if the bubble blowers could make the choice, so much the better. But what was left to pick? Major leaguers themselves select the all-star teams, and sportswriters elect the most valuable players. Topps finally decided that an area of appeal to kids aged six to sixteen (who often daydream about baseball careers) would be the Rookie Team of the Year.

Since the future of baseball, and of baseball cards, lies in the young players who are coming up to the majors, a promotion calling attention to the rookies seemed ideal. So Topps distributed some 35 million ballots in packages of bubble gum.

In making their selections, kids got ten votes each, picking favorite ball players for each position (including two pitchers—a right hander and a southpaw). The winning team was brought to New York by Topps and feted at a Waldorf-Astoria luncheon. Before some 350 onlookers, each player was handed a trophy by the baseball scout who discovered him.

Though the election was a thrill

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to the youngsters who participated, Topps also cashed in on an unexpected fringe dividend. Rookie ball players were thrilled to be elected. For example, Don Schwall, the Boston pitcher, confided he had his eye on the rookie award throughout his first season. The award, it seems, helps rookies achieve some publicity at a time when the spotlight normally falls on well-established baseball figures.

Picture of Peace

That familiar tug-of-war among retail salespeople over which customers "belong" to which salesman is a thing of the past at Banner-Whitehill Corp., Indianapolis department store. When a customer asks for a salesman whose face she remembers, but whose name draws a blank, a clerk whips out a memory jogger kept within easy reach.

The device: an album of 8½-inch by 11-inch glossy photographs of each salesman on the staff. Its use has slashed ugly, in-ranks squabbles between salespeople, says manager W.D. Estabrook, to the satisfaction of both customers and sales force. And its cost is negligible.

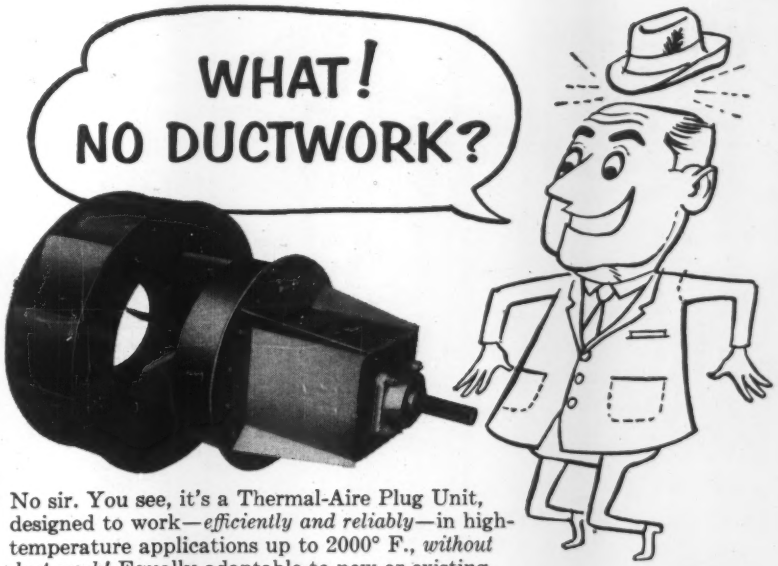
Color, Color Everywhere

Not so long ago, the uniform monotony of America's business offices was shattered by designers and planners who deftly applied two or three colors to a corporate décor that formerly sported only one. The new tones, company psychologists found, raised morale and efficiency. So, offices everywhere were repainted.

If this idea works in the office, figured officials at Pepsi-Cola Bottling Co. of Mount Vernon, New York, it should also work on the production line. With the flick of a brush, the glare of white and grey, so common to most bottling plants, vanished.

Tile walls of beige and blue sparkle today at the Pepsi plant. Equipment on the high-speed bottling line whirs along—in cozy pink. On the standard bottling line, the syrup fillers are blue, the conveyors pink. Pipes running up to the machine level add splashes of yellow, while green pipes above the machines offer a softer effect.

The cheery pastel colors, says president George J. O'Neil Jr., "are like background music in offices and workshops. Employee morale, plant housekeeping and productivity have risen sharply." —J.J.F.



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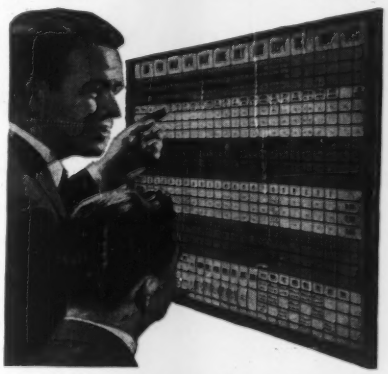

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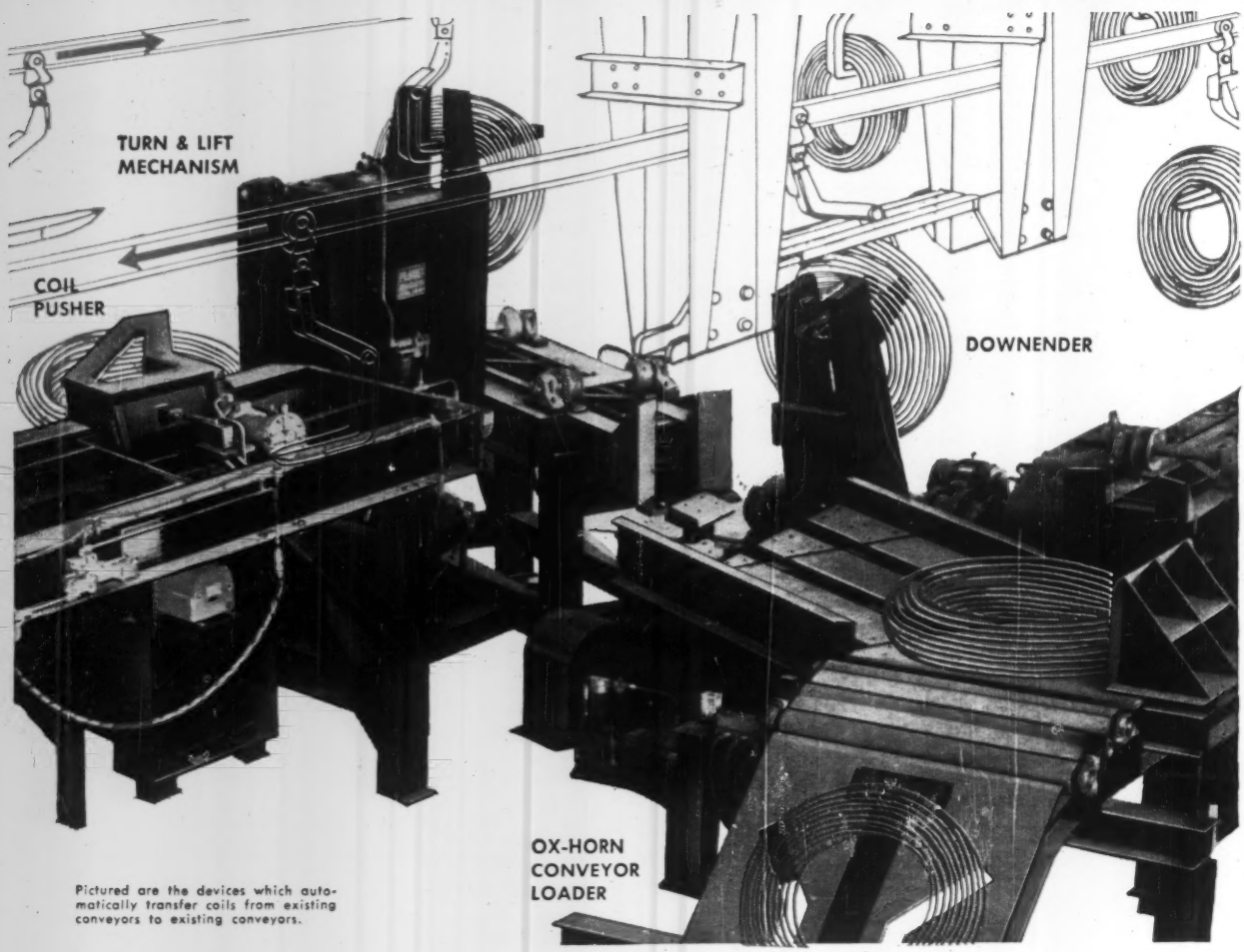

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Advertising Index

Regional pages shown by suffixes E, C, or W

American City Bureau 70
Bozell & Jacobs, Inc.
American Motors Corporation 23
Geyer, Morey, Madden & Ballard, Inc.
American Telephone & Telegraph Co. ..... Cover III
N. W. Ayer & Son, Inc.
American Telephone & Telegraph Co. 65
(National Yellow Pages)
Cunningham & Walsh Inc.
American Viscose Corporation 17
Arndt, Preston, Chapin, Lamb & Keen, Inc.

Banker's Box Company 89
Frank C. Jacobi Advertising, Inc.
Belgian Industrial Information Service 82
Black, Little & Company, Inc.
Borroughs Manufacturing Company, Subsidiary of American Metal Products Co. 85
Roland G. Spedden Advertising Agency
Burns, William J., International Detective Agency, Inc. 24
Fletcher Richards, Calkins & Holden, Inc.
Butler Manufacturing Company 79
Aubrey, Finlay, Marley & Hodgson, Inc.

Chase Manhattan Bank, The 26
Albert Frank-Guenther Law, Inc.
Chevrolet Motor Division, General Motors Corp. 30-31, 73
Campbell-Ewald Company
City Savings Association 95
Andover Advertising Company
Clipper Carloading Company 46
Kreicker & Meloan, Inc.
Colorado Dept. of Development 11
William Kostka and Associates, Inc.
Commercial Credit Company 2
VanSant Dugdale and Company, Inc.
Comptometer Corporation 76
Frank C. Nahser, Inc.
Corry-Jamestown Corporation 86-87
Ketchum, MacLeod & Grove, Inc.
Cross Company, The 83
Clark & Bobertz, Inc.

Dayton Power and Light Co., The 91
Willis/Case/Harwood, Inc.
Doremus & Company
Dillon, W. C., & Co., Inc. 46
Gordon L. Van Der Boom

Eastern Express, Inc. ..... Cover II
Kuttner & Kuttner, Inc.
Emkay, Inc. 95
Albert Jay Rosenthal & Company

Farquhar, A-B, Division, Conveyor Systems, Inc. 84
Armstrong Advertising Agency, Inc.
Ford Motor Company 77
J. Walter Thompson Company
Friden, Inc. 22
Richard N. Meltzer Advertising, Inc.

Garden City Fan & Blower Company 93
Rossi and Company
Gilbert Paper Company ..... Cover IV
Frank C. Nahser, Inc.
Graphic Systems 93
Caswell Advertising Agency

Hauserman, E. F., Company 58-59
Meldrum & Fewsmith, Inc.
Heller, Walter E., and Company 9
Gourfain-Loeff Inc.
Hertz Corporation 51, 88
Needham, Louis and Brorby, Inc.
Hertz System, Inc. 12
Norman, Craig & Kummel, Inc.
Hill, R.O.H. 11
Charlop and Carland
H-O-N, The, Company 78
Clem T. Hanson Company

International Nickel Company, Inc., The 20
McCann-Marschalk Company
Interstate System 71
Aves, Shaw & Ring, Inc.
Irish Industrial Development Authority 72
Geyer, Morey, Madden & Ballard, Inc.

Lockheed Aircraft Corporation 74
Foote, Cone & Belding
Long Island Lighting Company 60E
Kelly, Nason, Inc.
Louisiana Department of Commerce and Industry 45E
Fetty/Hundemer & Associates, Inc.

Mahon, R. C., Company, The 4
Dudgeon, Taylor & Bruske, Inc.
Manifold Supplies Co., Inc. 85
Faulkner Advertising, Inc.
Memo Flex Division, Garrison Machine Works, Inc. 89
Penny & Penny Advertising
Metalcraft, Inc. 93
Mohawk Advertising Company
Minnesota Mining & Manufacturing Company 18-19
Erwin Wasey, Ruthrauff & Ryan, Inc.

National Truck Leasing System ..... 44 E, C, W
W. S. Kirkland
Norfolk and Western Railway 47
Houck and Company, Inc.
Northern Natural Gas Company 84
Bozell & Jacobs, Inc.

Oxford Filing Supply Co., Inc. 64
Kelly Nason, Inc.

Pennsylvania Power & Light Company 68
Pitney-Bowes, Inc. 27, 69
L. E. McGivena & Co., Inc.
Planet Corporation 94
Jepson-Murray Advertising
Pontiac Motor Division, General Motors Corp. 62
MacManus, John & Adams, Inc.
Protection Mutual Insurance Co. 45C
Grimm & Craigle, Inc.

R. E. A. Express 92
Benton & Bowles, Inc.
Regular Common Carrier Conference 6
Kuttner & Kuttner, Inc.
Rock Island Lines 28
Aubrey, Finlay, Marley & Hodgson, Inc.

Secure-Ur-Trip, Inc. 84
Meyer & Behar Advertising, Inc.
Southern California Edison Company 96
Doremus & Company
Sten-C-Labl, Inc. 21
Gibson-Erlander, Inc.

Tel-A-Story, Inc. 85
Warren & Litzenberger
Texaco, Inc. 29
G. M. Basford Company
Travelers Insurance Company, The 48
Young & Rubicam, Inc.

Union Pacific Railroad 80
Geyer, Morey, Madden & Ballard, Inc.
United Air Lines, Cargo Sales Division 52
N. W. Ayer & Son, Inc.
United States Steel Corporation 14-15, 25, 66
Batten, Barton, Durstine & Osborn, Inc.

Virginia Department of Conservation and Economic Development 54
Houck and Company, Inc.

Wagner Electric Corporation 78
Arthur R. Mogge, Inc.
Western Airlines 60W
Batten, Barton, Durstine & Osborn, Inc.
West Penn Power Company 53
Fuller & Smith & Ross, Inc.
Witter, Dean & Company 90W
Albert Frank-Guenther Law, Inc.

Xerox Corporation 32
Hutchins Advertising Company, Inc.

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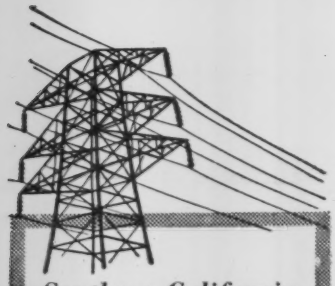

Southern California Edison Company

DIVIDENDS
The Board of Directors has authorized the payment of the following quarterly dividends:

ORIGINAL PREFERRED STOCK
Dividend No. 210
65 cents per share;

CUMULATIVE PREFERRED STOCK,
4.32% SERIES
Dividend No. 59
27 cents per share.

The above dividends are payable December 31, 1961, to stockholders of record December 5. *Checks will be mailed from the Company's office in Los Angeles, December 29.*

P. C. HALE, *Treasurer*

November 16, 1961

Edison

REPRINTS ON PERSONAL INVESTING

PI-1 Those Mysterious No Load Funds
They hire no salesmen and run few advertisements, but the no load funds offer economies that mean 8% on your investment. **20¢ each.**

PI-2 Little Risk—and 8% Return
Municipal bonds can bring a glittering return to the man in the high tax bracket, for they are free of Federal taxes. **20¢ each.**

PI-3 The Two Sides of SBICs
Their money-making potential is enormous for the businessman-investor, but some practical drawbacks are already apparent. **20¢ each.**

To: Readers' Service Dept., DUN'S REVIEW, 99 Church St., New York 8, N.Y.

Enclosed is payment of _____ for following reprints at 20¢ each:
___PI-1 ___PI-2 ___PI-3

Name _____

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The Reviewing Stand

The Manager in the Mirror

It is one thing to tell a proprietor of a business or the president of a corporate enterprise that he is an inept manager. To make him accept your statement, even in the face of impressive evidence, is something else again.

The first step toward remedy is diagnosis of error. The second, just as necessary, is admission of fault. In a recent campaign to aid the Main Street merchant and his fellow small-business proprietors through a correspondence course entitled "Profitable Management for Small Business," a test letter to a selected list stressed management's need to keep track of expenses, inventory details and tax records. "The salvation of small business," it stated, "is good record keeping." One of these letters was returned with a heavy black scrawl across its face: "To hell with salvation! I want volume."

This heartfelt reply reveals the impelling motive of the Main Street retailer, a necessary part of the merchant's instinct. At the same time, though, it suggests that the man most in need of guidance is often the very last person to recognize his need. When business is poor, he blames the weather, the government, the traffic situation—anything at all, in fact, except the man who is making the management mistakes in the running of a business.

Ex Post Facto

There is a curious contradiction in the Soviet act of obloquy which dispossesses Stalin's body of its place of honor beside Lenin, the patron saint of the Bolsheviks. The earthly halo of any Soviet hero is evidently a tentative one, and honor and vengeance alike are retroactive. When he accuses his predecessor of high crimes, Mr. Khrushchev might remember that the bloodstains of Hungary are just as bright as those of Poland and the Ukraine.

No Rubber Stamps

One of the most rewarding aspects of the DUN'S REVIEW Presidents' Panel is the insight the editors gain into the thinking, the motivation and the judgment of the industrial leaders who participate. There is little evidence of "organizational" thinking among them and certainly no pattern of opinion to justify the caricature of the selfish business leader concerned only with profits and the balance sheet. On the subject of labor unions, to cite only one example, their views clash sharply with the stereotype. The majority of these presidents not only favor unions but consider them a necessity in the economic climate of today. Despite the published sins of some labor leaders, the presidents regard most top union officials as men of honor and integrity. Well-disposed toward these men as they are, however, the Panel members did not hesitate to criticize such abuses and dangers as industry-wide strikes, jurisdictional disputes, work rules demands, work stoppages over trivial issues and productivity slowups.

In its four years, the Presidents' Panel has revealed American top management as a group which is both broad-gauged and independent in its approach to problems of education, politics, legislation, competition, compensation, ethics and every other vital area of civic as well as economic affairs. —A.M.S.

NEW BELL SYSTEM DIAL-PBX ELIMINATES MANUAL SWITCHBOARD, SPEEDS COMMUNICATIONS INSIDE AND OUT

With new Bell System dial-PBX service, you and your employees can *dial* interoffice and outgoing calls directly from your desks.

Using this compact desk-top unit, your switchboard attendant can get priority incoming calls through to you *faster*—and have time to perform other useful duties, too.

Whatever your communication needs may be, the Bell System is uniquely qualified to meet them. One of our Communications Consultants is ready to show you how new and improved Bell services can help you operate more efficiently, more profitably. Just call your Bell Telephone Business Office and ask for him. No obligation, of course.

F. J. Lenfesty, president of F. Hurlbut Company, Green Bay, Wisconsin, tells how his company profited from dial-PBX:

"Calls from some of our cement products customers were being delayed at our main switchboard, especially during busy hours. On the recommendation of one of your Communications Consultants, we installed a dial-PBX, and now customer calls are handled quickly and efficiently. We've saved one-third of our operators' switchboard time, and we're making sales that might otherwise have been lost. Our changeover to dial-PBX was well worth the money."

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Superase Bond, 25% new cotton fibre content, has excellent letterhead appearance, with brilliant whiteness, tub-sized, air-dried for a rich cockle finish.

A good letter is always better—written on a Gilbert Cotton Fibre Bond

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FREE SAMPLE KIT—A generous supply of Gilbert Superase Bond in various weights including Superase Thin is available to you from leading paper merchants in your locality or write us.